

ANNUAL REPORT 2017–18



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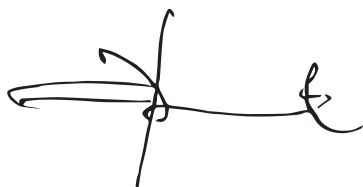
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Responsible Body's Declaration and Attestation

In accordance with the *Financial Management Act 1994*, I am pleased to present the Victorian Building Authority's Annual Report for the year ending 30 June 2018.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke.

Dr Owen Donald
Chief Commissioner
Victorian Building Authority

12 November 2018

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REPORT OF OPERATIONS

The Report of Operations for 2017–18 provides general information about the VBA and its activities, achievements and strategic direction.

Chief Commissioner's Introduction

Dr Owen Donald



The Victorian Building Authority's (VBA) regulatory activities in 2017–18 were increasingly focused on ensuring the safety of occupants and the general public. This year, attention was specifically directed to the ongoing issue of combustible cladding and the emerging issue of carbon monoxide poisoning from domestic open-flue gas heaters.

The VBA responded vigorously to the recommendations of the first report from the joint chairs of the Victorian Cladding Taskforce.

We embraced the leadership role of responding to the report's recommendations, dedicating new and additional resources to identifying at-risk buildings, while working with co-regulators, other agencies, local government and private building surveyors.

Carbon monoxide poisoning incidents, one causing a tragic fatality, saw the VBA and co-regulator, Energy Safe Victoria, focus on this high-risk issue. The Board endorsed a response designed to boost awareness of the issue in the community and committed the VBA to delivering a major training program for plumbing practitioners in effective gas heater testing for this "silent killer".

Our objective, still in progress, is to provide confidence in building safety. The VBA's commitment to ensuring safety is a priority for research in 2018–19 and beyond.

Prioritising the VBA's regulatory focus according to the risk of adverse outcomes, including threats to the safety of occupants, has also been embodied in increased proactive inspections and audits focused on high-risk building and plumbing activities. In the building sector, VBA inspectors have increased the number of proactive inspections of buildings under construction, with further increases to come.

The Government's legislative reform program continued its roll-out during the year, with more changes proposed for 2019. Each tranche of reforms has aimed to bolster the effectiveness of the VBA's oversight of industries that are central to the economic and social wellbeing of the state's population. To this end, the VBA continues to invest in technologies and resources that will ensure it is equipped to succeed.

The most recent building industry reforms address the core element of building registration, with registration of companies (in addition to individual practitioners) possible for the first time

– an important step in re-aligning regulation in response to the building and plumbing industries' evolution and increasing complexity.

On 2 June 2018, the *Building Regulations 2018* came into effect, replacing the *Building Regulations 2006* and the *Building Interim Regulations 2017*. Once again, the VBA worked closely with the Department of Environment, Land, Water and Planning, and in consultation with industry stakeholders, to review and improve the regulations that guide the state's 25,000 registered building practitioners.

This collaborative approach was also evident in the plumbing arena, with work continuing on the development of the *Plumbing Regulations 2018*, which are scheduled to commence in November 2018.

The VBA's Board and Executive Leadership Team, led by Chief Executive Officer Sue Eddy, have also worked hard to develop the Authority's four-year Corporate Plan for 2018–22. Unsurprisingly, the document sets ambitious goals for the VBA and the building and plumbing industries we oversee. It maps out the steps the organisation will take in the next four years, including a redesign of processes and further strengthening of relations with our co-regulators and industry partners. A focus on safety is very prominent. The Corporate Plan sets ambitious goals and focuses our efforts on delivering firm but fair regulation that protects the community we serve.

I would like to commend our new CEO, Sue Eddy, who took up the reins in November 2017, for the purposeful leadership, judgement, energy and commitment she has already brought to the role. Finally, I thank all Board members for their support and contribution during the year, including Commissioner Carmel Coate, who commenced in November 2017 and brought to the Board table additional expertise in plumbing.

A stylized, handwritten signature in black ink, consisting of a large, sweeping 'O' followed by a series of loops and a final flourish.

Dr Owen Donald
Chief Commissioner

Chief Executive Officer's Report

Sue Eddy



The 2017–18 financial year was one of evolutionary change for the Victorian Building Authority (VBA) and the building and plumbing industries in Victoria.

As Melbourne and our regional cities continue to expand, and population growth drives greater building density, particularly with the proliferation of apartment and infill building, the demands on the regulator and tools we use are ever-increasing. This growth is demonstrated in the record 114,803 building permits, valued at a record \$38.4 billion, reported to the VBA by building surveyors in 2017–18. This represents an increase of 4.7 per cent in the number and 17.3 per cent in the value of building permits reported, compared with the previous financial year.

This year, the VBA was asked by the State Government to play a key role in delivering on the findings of the Interim Report of the Victorian Cladding Taskforce. The VBA welcomed the opportunity to lead the statewide audit of privately owned buildings.

In May 2018, the Government provided \$16.5 million to address non-compliant cladding and increase site inspections. This included working with local government and the private sector to assess a priority list of buildings, proposed developments and construction sites where combustible cladding was most likely to be identified.

Regulating Victoria's building industry is a shared responsibility reliant on co-operation, information sharing and accountability. It includes the VBA, local government and private building surveyors, and extends even further with builders, building owners, architects, product manufacturers, suppliers and many others having an important role to play.

Victoria's response to the issues surrounding the use of combustible cladding has been wide, multi-faceted and ground-breaking. One of the major benefits of the approach taken in Victoria is the focus on the needs of owners and residents.

I would like to acknowledge the outstanding and valuable work of our staff and our partners, including the municipal building surveyors within local government, the Metropolitan

Fire Brigade and the Country Fire Authority. The experiences gained from this process have taught us much, and will help us streamline our processes, benefiting practitioners and consumers.

Also, this year, the VBA worked closely with the Department of Environment, Land, Water and Planning, implementing further tranches of the Government's legislative reforms, supporting the commencement of the *Building Regulations 2018* and supporting the process of sunseting the *Plumbing Regulations 2008*.

The legislative reforms program included the mammoth task of introducing five-year registration for building practitioners, along with a new category for company registration. Both tasks were delivered and will ultimately provide practitioners and consumers with a better, more efficient and competitive building industry.

Intense demand for housing has placed considerable pressure on the Victorian building industry. And both consumers and regulators are increasingly expecting practitioners to ensure their work is compliant, efficient, cost effective and completed to the highest build quality.

The VBA has increased its inspections and audits in both building and plumbing to actively enforce the relevant regulations, standards and codes on building sites and in the industry at large. Because of the nature of the failures being identified, the VBA has boosted its education and information flow to practitioners by updating Practice Notes and Technical Solution Sheets, regularly sending our e-newsletter *VBA Mail*, and posting new content on our website and social media channels.

Within the VBA, we are refining our structure, processes and priorities to both maximise the efficiency and effectiveness of our regulatory role and contribute positively to industries that are central to Victoria's economic and social wellbeing.

Our approach to regulation ensures the VBA targets its resources firmly on actions, events and practices that pose substantial risk to the community.

Over the past year, we have recruited a new leadership team.

We will continue to build and refine our expertise throughout the coming year and meet the challenges of a changing Victoria, where the way we live and work has changed forever. Despite the many gains we have made this year, there is much more work for us to do.

All of this highlights the complex and varied nature of the VBA's regulatory role and accentuates the importance of having a clear and contemporary roadmap in the form of our four-year Corporate Plan.

The *Corporate Plan 2018–22* reflects the renewed expectations of the Minister, as articulated in the December 2017 Statement of Expectations. It clarifies our objectives and provides a clear articulation of our risks. Our Corporate Plan provides a solid base upon which to build a reputation as a trusted, respected, transparent and responsive regulator.

Finally, I thank the Board for their guidance and for placing their trust in me to lead this organisation. I am also proud of our staff. This year, they have faced challenges and, at times, ventured into uncharted waters, always showing a willingness to learn, act and make the safety of Victorians our number one priority.

A handwritten signature in black ink, appearing to read 'Sue Eddy', with a stylized flourish at the end.

Sue Eddy
Chief Executive Officer

Year in Review

Introduction

The 2017–18 financial year has been a momentous one for the Victorian Building Authority (VBA), punctuated with challenges, changes and achievements.

New CEO

On 6 November 2017, Sue Eddy commenced in the role of Chief Executive Officer. Since her appointment, Ms Eddy has led the development of the VBA *Corporate Plan 2018–22*, implemented a program to redesign the Authority's processes, sharpened the organisation's focus to address safety risks to Victorians, particularly in the area of non-combustible cladding, and driven an organisational restructure that will ensure the VBA is equipped to deliver a firm, fair and efficient regulatory system for Victoria's building and plumbing industries.

Implementing Legislative Reforms

Throughout 2017–18, the VBA implemented several stages of legislative reforms enacted through the *Building Amendment (Enforcement and Other Measures) Act 2017*.

On 31 January 2018, several changes were introduced, giving the VBA greater powers of entry to conduct inspections and gather evidence to monitor and enforce compliance with the *Building Act 1993* and the Building Regulations. These powers mean it is easier for the VBA to obtain the information required to investigate non-compliance and to act against those doing the wrong thing.

Further reforms commenced on 1 July 2018, including the requirement that building surveyors inspect building work in person when notified of the completion of a mandatory notification stage, and company registration, which allows building companies to register as a building practitioner for the first time. The latter was a significant change, with more than 8,000 companies becoming registered building practitioners from 1 July 2018.

Company registration gives consumers greater certainty by allowing them to check the integrity of a company they intend to engage on a project. It also offers greater protection by ensuring the builder named on a contract or permit matches the name listed on the certificate of insurance.

Building Regulations

The implementation of the *Building Regulations 2018* marks a transition to a more efficient, competitive and informed building industry in Victoria.

The VBA worked with the Department of Environment, Land, Water and Planning (DELWP) over several years to review, develop and subsequently implement the *Building Regulations 2018*, which commenced on Saturday, 2 June 2018.

A statewide program of 13 industry information seminars was held by the VBA, with more than 1,900 practitioners attending.

To support the commencement of the Regulations, 52 Practice Notes, providing the most current technical guidance to practitioners, were reviewed and updated. Nine Fact Sheets and four Information Sheets were also created to assist practitioners in navigating the changes. These materials were published on the VBA website.

Remaking the Plumbing Regulations – Regulatory Impact Statement

Throughout the year, the VBA continued its work with DELWP to prepare for the sunset of the *Plumbing Regulations 2008* in November 2018.

This work included:

- reviewing the performance of the existing Regulations;
- providing advice, information and data; and
- assisting with the development of options for the new Regulations.

The proposed *Plumbing Regulations 2018* and accompanying Regulatory Impact Statement were released for public consultation on 29 June 2018. Upon completion of the consultation period, the VBA will continue working with DELWP to finalise the content of the *Plumbing Regulations 2018*, to ensure the Regulations are ready for the scheduled commencement date of 18 November 2018.

Statewide Cladding Audit

There has been no bigger challenge than the formulation of an effective response to the issue of combustible cladding.

The VBA prioritised an urgent audit of 1,369 planning permits in response to recommendations made by the co-chairs of the Victorian Cladding Taskforce in their November 2017 Interim Report. The work was led by the VBA, with key support from local government, the Metropolitan Fire Brigade (MFB), the Country Fire Authority (CFA), DELWP, building owners and owners' corporations. The VBA also provided advice and support to other government bodies to assist them with the review of their buildings.

Buildings identified with combustible cladding were subject to scrutiny by an expert panel consisting of a fire engineer, a building surveyor and a representative from either the MFB or CFA. Where safety concerns were found that required immediate action, the expert panel recommended the relevant council's municipal building surveyor issue emergency orders. In these cases, short-term fire safety measures were implemented to reduce risks to occupants. These included clearing access to emergency exits, installing new fire and smoke alarms, and removing potential ignition sources (such as barbecues) from areas that have combustible cladding.

The VBA met the challenge of identifying combustible cladding head on and has positioned Victoria to be well ahead of other jurisdictions in this far-reaching safety matter.

The VBA:

- mobilised a specialist team to manage the audit process;
- immediately increased the rate of proactive inspections of building projects;
- immediately developed a new, consumer-friendly web presence to assist owners and residents;
- worked with municipal building surveyors, the MFB, CFA and private sector partners to inspect buildings;
- issued coercive notices on building surveyors, building companies and development companies, asking them to confirm what building materials they were planning to use on priority projects that were under construction or yet to commence;

- communicated directly with affected residents, owners' corporations, building managers and apartment owners;
- communicated directly with more than 25,000 building practitioners on multiple occasions, to increase awareness of building regulations and new ministerial guidelines relating to the use of combustible cladding; and
- actively contributed to the Victorian Cladding Taskforce to develop solutions.

Strategic Direction

After the end of the 2017–18 financial year, the VBA Board approved a four-year Corporate Plan for 2018–22.

The VBA has learnt valuable lessons from its previous corporate plan, which has been the impetus for the changes and new directions outlined in the Corporate Plan for 2018–22. This new plan repositions the VBA for successful delivery now and into the future.

The VBA is clear on its responsibilities and the expectations of the Minister for Planning, the Victorian Government and all Victorians. Our renewed corporate and annual plans, resources and team are closely aligned to deliver on those expectations. Our values underpin that delivery: together we will work as one, problem solve and deliver, as only a trusted, respected, transparent and responsive regulator can.

VBA Purpose, Vision and Values

OUR PURPOSE

As Victoria's principal regulator for building and plumbing, the VBA regulates for a quality built environment in Victoria. The VBA contributes to public health, safety and amenity by overseeing compliance with regulations, legal requirements and professional standards, and by encouraging continuous improvement. We do so in the interests of consumers and industry participants for the benefit of all Victorians.



OUR VALUES

The VBA's values encompass and reflect the values of the Victorian Public Sector: Responsiveness, Integrity, Impartiality, Accountability, Respect, Leadership and Human Rights. The VBA expresses these values through the way in which we work with all Victorians. We call this the VBA Values in Action.

OUR VBA VALUES IN ACTION

WE PROBLEM SOLVE
WE WORK AS ONE
WE DELIVER

Manner of Establishment and Responsible Minister

The Victorian Building Authority (VBA) is established under the *Building Act 1993*. The responsible Minister for the period from 1 July 2017 to 30 June 2018 was the Honourable Richard Wynne MP, Minister for Planning.

As Victoria's principal regulator for building and plumbing, the VBA regulates for a quality built environment in Victoria.

Objectives and Functions, Nature and Range of Services Provided

The VBA's functions under the *Building Act 1993* are to:

- monitor and enforce compliance with the Act;
- administer the licensing and registration of plumbers;
- administer the registration of building practitioners, and supervise and monitor their conduct and ability to practice;
- issue owner-builder certificates of consent;
- 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; and
 - the regulation of plumbing work and plumbing practitioners;
- provide information and training to assist those carrying out functions under the Act or *Building Regulations 2018*;
- 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 levies;
- charge and collect fees for information and training services provided by the VBA;
- administer the Victorian Building Authority Fund;
- advise the Minister for Planning; and
- issue building permits for temporary structures.

Building and Construction Industry Security of Payment Act 2002

The VBA's functions under the Security of Payment Act are to:

- authorise nominating authorities to nominate adjudicators to determine payment disputes;
- maintain a publicly available register of Authorised Nominating Authorities;
- keep a record of adjudication determinations; and
- publish adjudication statistics.

Our Services

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;
- registering and disciplining building practitioners;
- issuing owner-builder certificates of consent;
- 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 consumers are protected;
- publishing data for building and plumbing practitioners;
- monitoring the collection of building permit levies; and
- overseeing the work of building surveyors and Victoria's building permit system.

To fulfil these responsibilities, the VBA supports the operation and statutory responsibilities of the Building Practitioners Board, Building Appeals Board, Building Advisory Council, Plumbing Advisory Council and the Building Regulation Advisory Committee.

To find out more about the VBA's functions under the *Building Act 1993* and the *Building and Construction Industry Security of Payment Act 2002*, visit vba.vic.gov.au/legislation.

Statement of Expectations

The Minister for Planning issued the second Statement of Expectations (SoE) for the Victorian Building Authority in December 2017. The SoE outlined the Minister's expectations for:

- improving the administration and enforcement of regulation;
- performance improvements;
- risk-based regulatory activity;
- demonstrating good regulatory practice (particularly with reference to the implementation of legislative reform);
- continued implementation of the recommendations made by the Victorian Auditor-General's Office;
- improved business systems;
- transparency and accountability; and
- reporting.

The VBA's Chief Commissioner committed to acting on these expectations. Our progress for this year, set against the Minister's expectations, is detailed below.

Improving the Administration and Enforcement of Regulation

As Victoria's principal building and plumbing regulator, the VBA is committed to delivering services that support industry to improve compliance with building and plumbing regulations, standards and codes, leading to an enhanced consumer experience and, ultimately, confidence in the Victorian building system.

VBA Actions

To improve the administration and enforcement of regulation, the VBA has:

- developed a risk-based inspection regime for building and plumbing activity in Victoria. This approach ensures that VBA resources are targeted towards issues posing the greatest risk of harm to the community;
- developed associated educational material for practitioners and consumers, and enhanced online accessibility for resources and information;
- worked closely with industry, consumers and the Department of Environment, Land, Water and Planning (DELWP) to deliver building and plumbing regulatory enhancements that align the regulatory framework with the contemporary regulatory environment;
- implemented a range of regulatory reforms designed to ensure that the VBA has the tools and capability to enforce regulatory requirements effectively;
- refined investigation and disciplinary processes to ensure non-compliant practitioners are held to account;
- initiated a dedicated program of work to reduce the burden of licensing and registration on practitioners;
- delivered administrative and technological enhancements to owner-builder processes;
- delivered technological solutions to enable online lodgement of required plumbing compliance certificates;
- created a performance audit function to complement field inspection activity; and
- enhanced practitioner intelligence capability and systems to ensure current information informs activity.

Performance Improvements

Implementation of recommendations from the Victorian Cladding Taskforce

The VBA welcomed the opportunity to lead the statewide audit of privately owned buildings, while the VBA Board supported the rapid establishment of resources to identify public safety risks. The State Government allocated \$4.7 million in 2017–18 to assist with the cladding response and corresponding increase in proactive inspections. The delivery model combined existing VBA staff and independent technical experts, including suitably qualified and experienced building surveyors and fire safety engineers. In-house resources were used to provide project administration, legal and communications services.

As an initial priority, inspections were targeted towards the 1,369 planning permits identified by the Victorian Cladding Taskforce. Notification was sent to residents and owners of prioritised buildings in early 2018 to inform them of the Stage 1 Audit and to provide them with safety information. By the end of the financial year, the VBA had:

- undertaken fire safety inspections;
- assessed risk associated with external wall claddings, linings and attachments used on inspected buildings within the Stage 1 Audit; and
- prepared advice for relevant authorities to enable them to issue notices and orders that would reduce the level of risk to occupants and property.

Our audit approach has centred on engaging directly with owners and residents – those potentially most at risk from the dangers of combustible cladding. We have communicated directly with them at every step, ensuring they implemented essential safety measures.

Noting the requirements of the SoE, and the recommendations of the Taskforce, that the VBA increases both its presence on building sites and its enforcement activity, the VBA has:

- engaged additional building investigators to undertake proactive investigation into targeted areas of non-compliance, including unregistered work; and
- undertaken 2,923 proactive building inspections by 30 June 2018, compared to 1,779 in 2016–17.

Risk-based strategies

The VBA continues to refine its approach to regulatory risk, while enhancing its risk identification practices and escalation protocols to prioritise monitoring, enforcement and compliance.

To improve risk-based strategies, the VBA has:

- continued development of a dedicated data intelligence team and invested in its data analysis capabilities to ensure a strong information base is in place to inform the VBA's risk-based regulatory approach;
- conducted an organisation-wide review of the VBA risk management framework to closely align with relevant Commonwealth and Victorian risk management standards; and
- consolidated operational functions to ensure that practitioner intelligence from all functions is factored into risk-based decision-making.

Demonstrating good regulatory practice

While focusing on the delivery of the Taskforce's recommendations, the VBA has ensured its proactive regulatory effort is sustained. The VBA is actively reviewing its regulatory approach to ensure an appropriate balance of robust, fair and efficient regulatory activity. The VBA continues to:

- focus on the delivery of technical advice to support industry compliance with new regulatory requirements;
- enhance tools and practices for building and plumbing inspectors;
- improve communication methods, including the use of multiple social media platforms;
- develop processes to support intelligence-led inspection and investigation practices;
- provide statewide presentations and programs to enhance industry compliance and building and plumbing safety; and
- respond immediately to emerging risks. Recent examples include carbon monoxide poisoning, elevated lead content in water supplies and the widespread use of combustible cladding.



Continued implementation of VAGO recommendations

The VBA has responded to, and implemented, the recommendations made by the Victorian Auditor-General. A detailed acquittal of the recommendations and subsequent actions were presented to the VBA's Audit and Risk Committee during the 2017–18 financial year. The VBA continues to develop its Monitoring and Evaluation Framework with a focus on robust, outcomes-based reporting.

Improved business systems

Considerable preliminary work has been undertaken to deliver a more efficient interface for practitioners and consumers. This includes the following key business system improvement projects:

- The provision of an online portal, VBA360, for the lodgement of compliance certificates, complaints and owner-builder applications in July 2017.
- The adoption of an agile systems redevelopment approach in April 2018, with three business priority areas targeted for initial program delivery:

1. Mobile field services tools to capture real-time data and better inform compliance activity.
2. Development of a Building Activity Management System to deliver a dependable and accurate source for Victorian building data.
3. Development of streamlined and modernised licensing and regulation processes to cut unnecessary red tape and reduce processing delays for practitioners.

A suite of improvements is being rolled out across each priority area to improve the customer experience and deliver better value to the building and plumbing industries.

The VBA continues to work closely with other regulators, government departments and agencies, where possible. The establishment and enhancement of several information and data sharing agreements will also contribute to the development of a broader regulatory framework for Victoria.



Transparency and accountability

The VBA is a statutory authority of the Victorian Government and is accountable to Parliament through the Minister for Planning. The VBA provides high-quality advice on matters related to the building and plumbing regulatory systems. It provides this advice through various formal reporting mechanisms, including the tabling of its annual report and regular reporting to the Minister and DELWP. The VBA also provides advice through its continued involvement in, and support of, the Building Advisory Council and Plumbing Advisory Council.

Furthermore, the VBA invests in detailed research to benefit both the building and plumbing industries. In 2018, the VBA completed a study titled *Responding to Faults in Building and Plumbing Work: Findings and Next Steps*. This report by the VBA is being used to improve the effectiveness of the building and plumbing regulatory environment, and to assist in the development of future policies and relevant building and plumbing reforms.

The VBA is finalising a formal stakeholder engagement strategy and will be rolling this out in the 2018–19 financial year.

Reporting

Baseline performance data regarding the VBA's progress at implementing the Minister's expectations is incorporated into this report.

The VBA's *Corporate Plan 2018–22* and *Annual Plan 2018–19* commit the Authority to enhancing its capacity to monitor and report on its performance in a manner that will bring the Minister's expectations to life both within the organisation and for the benefit of industry and public alike.

The Statement of Expectations for 2017–18 and the Chief Commissioner's response are available on our website at vba.vic.gov.au/soe.

Achievements

In 2014, the VBA released its inaugural *Corporate Plan 2014–18* with four strategic objectives:

1. Protected Consumers and Capable Practitioners
2. Public Value
3. Contemporary Approach
4. Organisational Capability

Our strategic direction was updated and refined with the release of the *VBA Annual Plan 2017–18*. In addition, a number of actions to deliver these strategic objectives were completed or progressed.

The upcoming reporting year will see the VBA refocus its strategic objectives to align with the organisation's strategic plans for the 2018–22 period.

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	ACTIVITY IN 2017–18
Build the capability of practitioners	Implement licensing and registration legislative reforms	Five-year renewal and company registration projects were completed.
Deliver improved consumer protection	Develop and implement a multi-disciplinary investigations team, with a focus on proactive investigations	<p>A multi-disciplinary investigations team commenced in December 2017 with a focus on proactive investigations.</p> <p>Thirty-six proactive site visits were carried out, and 15 proactive investigations commenced. In 12 of these matters, a registered practitioner was managing the site. Three of these investigations proceeded to disciplinary hearings. A further five matters related to activities carried out by unregistered people and are under investigation.</p>
	Review effectiveness of the Technical Enquiry Line	<p>The Building and Plumbing Technical Enquiry Line was evaluated in 2017. Survey results revealed that 66 per cent of building practitioners and 69 per cent of plumbing practitioners were satisfied with the service provided by the VBA's Technical Enquiry Line.</p> <p>The Enquiry Line focuses on both practitioner and consumer education, contributing to the community's understanding of the building and plumbing regime and its workings. A total of 2,426 emails were actioned.</p>
	Deliver contemporary practitioner guidance to support compliance with legislative reforms	<p>Two new plumbing Fact Sheets and eight <i>VBA Mail</i> articles were sent to plumbing practitioners to provide guidance on changes to codes and standards.</p> <p>The VBA provided technical advice and clarification to practitioners in relation to Minister's Guideline MG-14.</p> <p>Guidance to building practitioners was delivered via targeted communications campaigns and a roadshow prior to the commencement of the <i>Building Regulations 2018</i>.</p> <p>The VBA commissioned an exploratory research project to identify common faults across the building and plumbing industries. A report will be released in 2018. Findings from this work will identify new avenues of research and areas in which practitioners need additional assistance and support from the VBA.</p> <p>Other VBA publications, including Technical Solution Sheets, will be updated, reviewed and developed when the proposed <i>Plumbing Regulations 2018</i> commence in late 2018.</p>

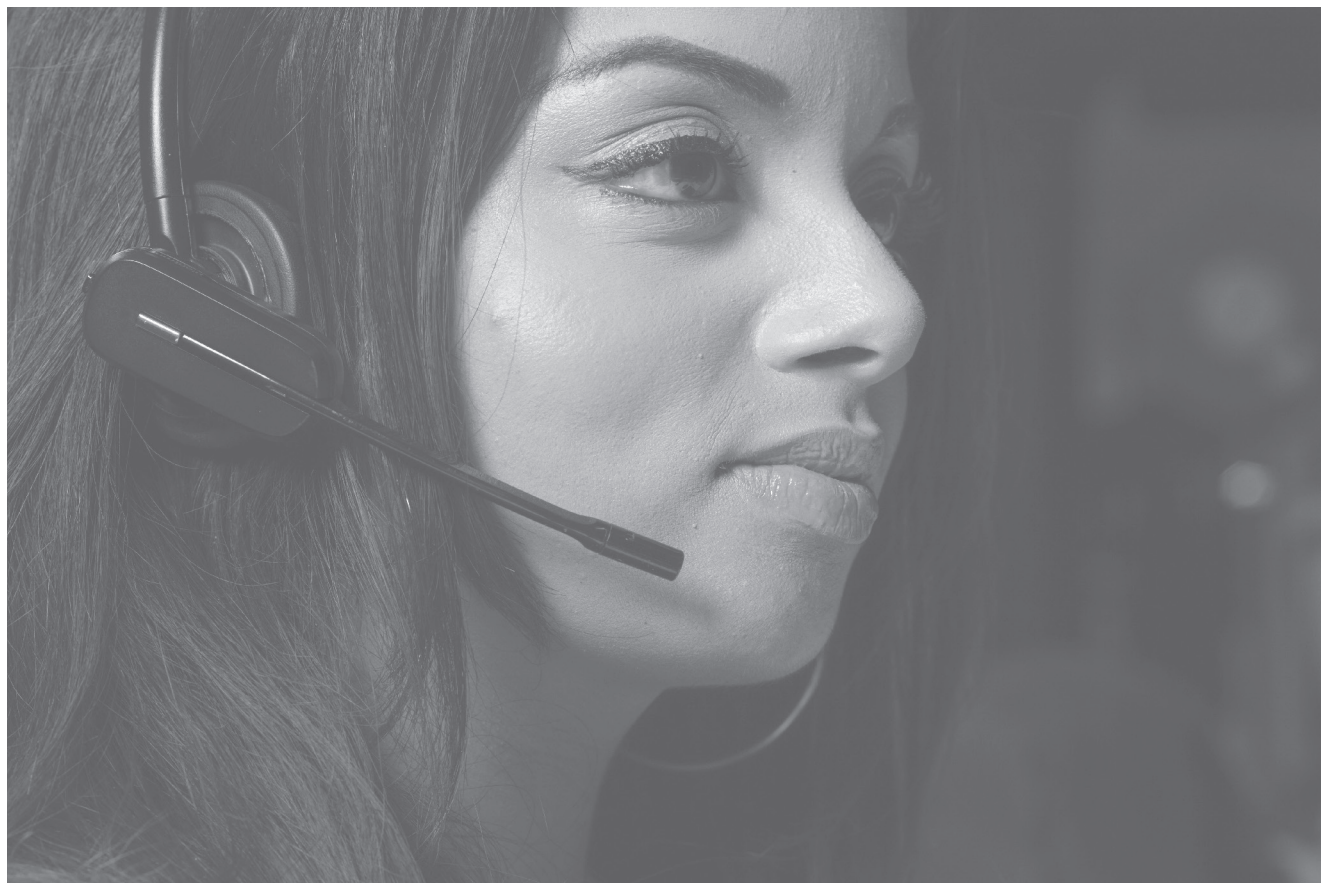
STRATEGY	ACTION	ACTIVITY IN 2017–18
Deliver improved consumer and practitioner information	Continue to increase awareness of the VBA through implementation of the brand strategy	<p>The VBA continued to build its public profile and, for the first time, used social media as a direct means of communicating with practitioners, consumers and industry stakeholders.</p> <p>The VBA established accounts on LinkedIn, Twitter and Instagram, connecting with government partners and industry stakeholders. Through these accounts, the VBA was able to drive important messages, publicise upcoming events and promote forthcoming changes to both building regulations and the registration and licensing process.</p> <p>Engagement with practitioners continued through the VBA's e-newsletter, <i>VBA Mail</i>, and text messages. Practitioners were informed of changes to the Building Act and Building Regulations, the introduction of company registration and important updates affecting the building and plumbing industries. Twenty-three e-newsletters were also sent to practitioners in 2017–18, reaching more than 426,000 readers.</p> <p>These channels of communication were also used to promote key policy changes and new guidance material, and to remind practitioners of their obligations in relation to combustible cladding and the Statewide Cladding Audit.</p> <p>The VBA delivered a statewide program of industry information seminars, which detailed the changes that were to come into effect with the commencement of the <i>Building Regulations 2018</i> on 2 June. More than 1,900 practitioners attended the program, which was held in 13 locations across Victoria.</p> <p>The VBA also continued its support of numerous events to promote its role and responsibilities both to, and within, the industry. These events included industry awards, competitions and conferences. Among these events were:</p> <ul style="list-style-type: none"> • 2018 Master Builders Trade Night Series; • 17/18 HIA Industry Outlook Breakfast; • 2017 Master Builders Excellence in Housing Awards; • 17/18 HIA Building and Business Workshops; • 2018 HIA Building and Business Conference; • NFIA & VBA – The Fire Framework; • World Plumbing Day 2018; and • 2018 Master Builders Industry Breakfast Series.

Strategic Objective 2: Public Value

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

STRATEGY	ACTION	ACTIVITY IN 2017–18
Deliver a positive customer experience	Build a more effective statewide service model	<p>The VBA360 Help Desk was established to resolve complex enquiries.</p> <p>The system was integrated by:</p> <ul style="list-style-type: none"> supporting new users of the VBA360 portal to register for owner-builder applications and lodge complaints; supporting licensed plumbing practitioners to transition from the eToolbox portal to VBA360 for the lodgement of compliance certificates and the booking of below-ground drainage inspections; and redesigning the Interactive Voice Response VBA360 Support Phone Line.
Develop and maintain a strong VBA presence and stakeholder engagement	Continue to implement the stakeholder engagement and communications strategy	<p>The VBA increased its use of social media platforms, including Twitter, LinkedIn, Instagram and YouTube.</p> <p>Regular engagement with key industry stakeholders was delivered by the VBA's executive leadership team.</p> <p>The building and plumbing sectors received open and transparent access to the regulator.</p> <p>The VBA supported and attended a number of industry forums and events throughout the year, making valuable contributions to discussion and debate in the industry. We also answered questions on policy and position when called upon.</p>
	Increase consumer understanding through stronger articulation of the VBA's role and the investigation and implementation of web-based tools	<p>A searchable online register of practitioner sanctions was developed during the 2017–18 financial year and will be rolled out on the VBA website in 2018.</p> <p>An online advice manual for prospective owner-builders was developed in 2017–18.</p>
Drive consistency of decision-making	Improve licensing and registration practices to reduce unnecessary regulatory burden on industry	<p>Legislative reform added significantly to the VBA's licensing and registration processing activities. The VBA commenced a process to implement efficiency improvements during the fourth quarter.</p>

STRATEGY	ACTION	ACTIVITY IN 2017–18
Drive consistency of decision-making	Strengthen policy and processes for decision-making on security of payment, information guidance and temporary structures	<p>A new policy was drafted for prescribed temporary structures, detailing the issuing of occupancy permits and the VBA's approach to the audit and inspection of temporary structures.</p> <p>To support this change in policy, a new online application process was implemented, while improved information and guidance clarifying climbable elements for seating stands was communicated via the VBA's website.</p> <p>The Security of Payment authorisation documents were reviewed and updated. Copies were provided to the Authorised Nominating Authorities and uploaded to the VBA website in November 2017.</p> <p>The VBA contributed to the national review of security of payment legislation by:</p> <ul style="list-style-type: none"> • completing a review of Mr John Murray AM's report, <i>Review of Security of Payment Laws, Building Trust and Harmony</i>, in May 2018; • assessing operational impacts; • providing commentary to the Building Ministers' Forum; and • initiating a meeting of the National Security of Payment Regulators' Forum to share insights.
	End-to-end review of complaints-handling processes	The VBA completed the initial phase of its end-to-end review.



Strategic Objective 3: Contemporary Approach

Lead a contemporary approach to regulation of industries and professions

STRATEGY	ACTION	ACTIVITY IN 2017–18
Deliver strategic and major projects arising from statutory obligations	Implement the Minister's Statement of Expectations to improve regulatory outcomes	<p>Progress against the Minister's expectations is reported on in this Annual Report.</p> <p>The Minister's expectations are further embedded in the <i>VBA Corporate Plan 2018–22</i>.</p>
	Implement legislative and regulatory changes	The VBA embedded several stages of legislative reform into its operations and communicated the impact of these changes to practitioners and stakeholders across multiple forums to ensure operational impacts were well understood. More information about the building industry reforms is available from vba.vic.gov.au/reforms .
	Support DELWP in the sunseting of the Building Regulations	<p>The <i>Building Regulations 2018</i> commenced on 2 June 2018. The VBA worked closely with DELWP to support the finalisation and communication of the new Regulations.</p> <p>Fifty-two Practice Notes were reviewed, revised and updated. Nine new Fact Sheets and four Information Sheets, together with one consumer Protection Work Statement (to inform adjoining owners), were developed.</p> <p>The VBA also developed and gazetted four approved forms, while 18 prescribed forms were redesigned for practitioner use.</p>
	Support DELWP in the sunseting of the Plumbing Regulations	<p>The VBA supported DELWP in the publication and promotion of the draft <i>Plumbing Regulations 2018</i> and associated Regulatory Impact Statement.</p> <p>In 2018–19, the VBA will play a key role in the implementation of the new Plumbing Regulations by communicating the impact of the Regulations to plumbing practitioners and stakeholders.</p>

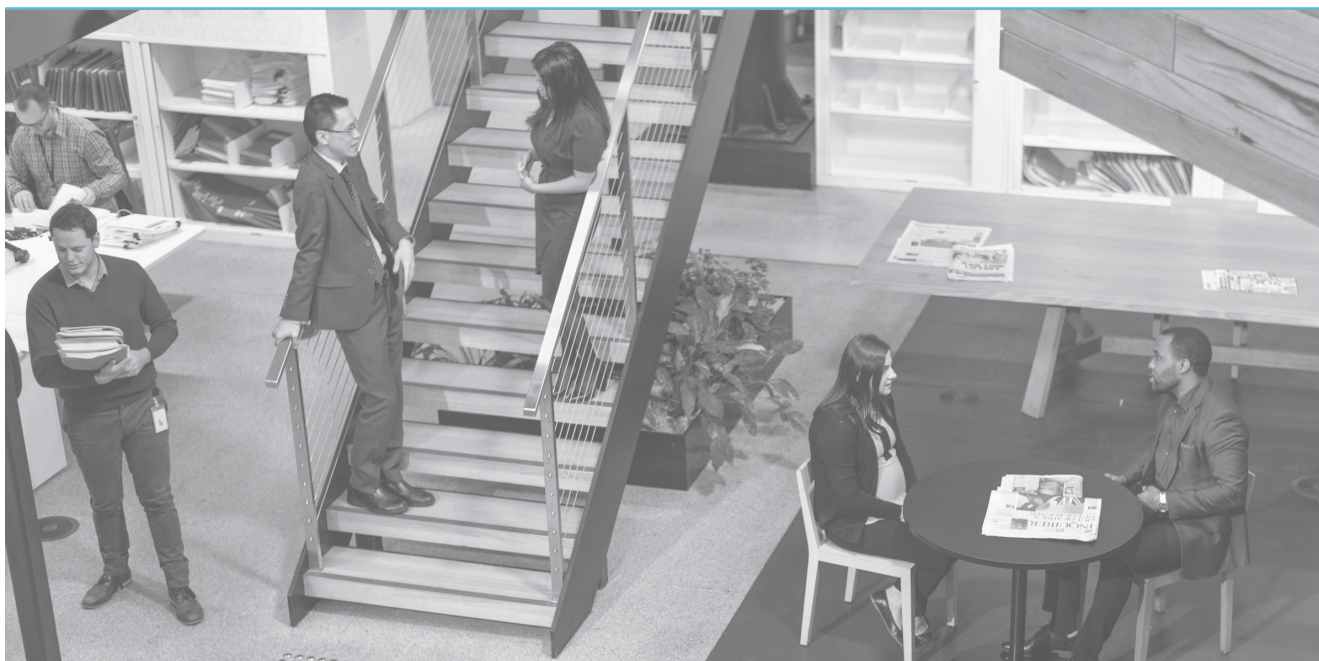
STRATEGY	ACTION	ACTIVITY IN 2017–18
Assist in the development of a national regulatory approach	Participate in the development of national building and plumbing standards	<p>The VBA continues to contribute to the development of the National Construction Code (NCC) through participation in all meetings of the Australian Building Codes Board (ABCB), Building Codes Committee and Plumbing Codes Committee.</p> <p>The <i>NCC 2019</i> is due for adoption in Victoria on 1 May 2019 and was subject to a public consultation period at the beginning of 2018.</p> <p>The VBA made submissions during the public consultation period on all three draft volumes of the NCC published in February 2018. It also participated in ABCB working groups and Australian Standards committees.</p> <p>The first half of 2018 also saw the introduction of an amendment to the Building Code of Australia 2016, which was adopted in Victoria on 12 March 2018. This was a direct result of issues relating to non-compliant cladding.</p>
	Enhance organisational intelligence capabilities to inform regulatory activities	The VBA has expanded its available range of data sources by enhancing or establishing Information Sharing Agreements with a range of other agencies relevant to VBA compliance activities. These measures provided the VBA with additional avenues of inquiry for investigation, inspection and audit.
	Implement an expanded, risk-based building and plumbing audit program	<p>The VBA's building-focused Proactive Inspections Program was significantly expanded in 2018.</p> <p>An inspections program targeting gas installations was conducted in conjunction with Energy Safe Victoria to address key public safety risks.</p> <p>The VBA's Plumbing Audit Program was further enhanced with a broadening of the risk-based selection criteria.</p>
	Enhance our risk-based approach to the compliance of builders and plumbers, and develop a greater focus on practitioners who have a history of non-compliance	The VBA collaborated with stakeholders to assist with the prioritisation of practitioner-based compliance activities, identifying practitioners and building or plumbing work that may pose a potential risk. Risk-based and intelligence-led activity was generated from the analysis of various datasets and information, including building permits, complaints, investigations, audits and inspections data.

STRATEGY	ACTION	ACTIVITY IN 2017–18
Influence and inform best practice policy and regulation	Conduct research and gather evidence regarding the regulation of Victoria's building and plumbing industries	One function of the VBA is to conduct or promote research into the state's building and plumbing industries. The VBA has strengthened its focus on developing and implementing an enhanced core research program that informs improvements to the building and plumbing regulatory system. The work of the research program is overseen by the Research and Innovation Sub-Committee of the VBA Board. Research priorities will align with the VBA's regulatory functions and the objectives of the VBA Corporate Plan.
	Develop and implement an outcomes-based Monitoring and Evaluation Framework	The VBA continues to build on the Monitoring and Evaluation Framework it established in consultation with the Board, executives and key stakeholders. Quarterly Industry Update reports are published on the VBA website. The next phase of evidence-based outcome reporting will be a focus of the 2018–19 financial year.
	Improve use of data in informing regulatory decision-making and explore opportunities arising from the implementation of VBA360 to further refine processes and reporting	The VBA has continued to inform its decision-making with data derived from the Business Systems Transformation Program.
	Explore certification of qualifications by professional building industry associations	The VBA held preliminary discussions with several industry associations. One association committed to undertaking an assessment of qualified practitioners as part of the VBA registrations process.

Strategic Objective 4: Organisational Capability

Increased organisational capability

STRATEGY	ACTION	ACTIVITY IN 2017–18
Increase staff skills and capability	Continue to embed the new employee classification framework in all HR policies	The VBA developed a Re-classification Policy to give employees the opportunity to have their positions reviewed and re-classified.
	Continue learning and development activities, with a focus on building leadership capability	<p>The VBA continues to prioritise the development of leadership and technical capability, focusing specifically on the instigation of effective feedback conversations, positive leadership and self-awareness as leaders.</p> <p>The VBA offers learning opportunities in areas such as Building Resilience and Managing Change, and in increasing awareness of the Charter of Human Rights and its application to key decision-making processes.</p>
Drive a culture underpinned by integrity that encourages leadership, energy and enthusiasm	Continue to align Corporate Plan direction and performance management	VBA Employee Performance Plans are aligned to divisional business plans and the VBA's Corporate and Annual Plans.
	Implementation of the Building Confidence cultural program	<p>The VBA Values are embedded into all operations through recruitment, onboarding and performance management. This ensures we have alignment and consistency in our work.</p> <p>VBA employees are engaged to contribute to the strategic planning process and key change initiatives. The adoption of new technologies allows staff to provide feedback and encourages a transparent and future-focused cultural shift.</p>
Embed strong governance	Refine VBA ICT strategy	<p>The VBA <i>IT Strategy 2017–20</i>, released in June 2017, closely aligns to the Whole of Victorian Government ICT Strategy.</p> <p>The VBA continues to address and implement key IT strategic priorities that align with the VBA's strategic objectives. This includes the research and implementation of key actions listed in the IT Strategy to embed strong IT governance, as well as increasing efficiencies and capabilities for staff.</p>
	Address issues identified in audits and reviews, and embed practices that support improved outcomes	The VBA responded to, and implemented, the recommendations made by the Victorian Auditor-General. A detailed acquittal of the recommendations and subsequent actions were presented to the VBA's Audit and Risk Committee.
	Implement VBA360 to support the VBA's operations and optimise consumer outcomes	Stage 1 of VBA360 was implemented.
Manage our finances prudently	Upgrade financial systems to allow for better management of functions	The finance system upgrade project commenced with a review of operational processes.



STRATEGY	ACTION	ACTIVITY IN 2017–18
Develop research functions	Strengthen research and policy capacity, and develop a research agenda	<p>A Stakeholder Satisfaction Survey was conducted in December 2017. The findings indicated, amongst other things, that building practitioners were slightly more satisfied (varying between 1% and 6%) with their most recent contact with the VBA in 2017 than they were in 2016. The satisfaction level of plumbing practitioners, however, decreased slightly (between 1% and 7%) when compared to 2016.</p> <p>Building and plumbing practitioners were slightly more satisfied with their interactions with VBA staff in 2017 than they were in 2016. Survey results indicated that they found VBA staff slightly more “polite” and “understanding of the situation” in 2017, but slightly less “helpful” and “knowledgeable”.</p> <p>The VBA will focus its efforts on raising practitioners’ confidence in the Authority’s regulatory effectiveness and enhancing consumer engagement strategies.</p> <p>The VBA also commenced several research projects in 2017–18, including:</p> <ul style="list-style-type: none"> • identifying and understanding current and potential faults in building and plumbing work, with a goal of further improving the building regulatory system; • a survey of building surveyors on issues relating to professional indemnity insurance; and • a survey on non-compliance in roofing (stormwater) work, which aimed to identify the principal issues contributing to non-compliant roofing work in Victoria. <p>The VBA also contributed funding and in-kind support to the following research partnerships:</p> <ul style="list-style-type: none"> • Low Carbon Living Co-operative Research Centre (LCL CRC); • The Australian Technical Evaluation Network (ATEN) by Swinburne University of Technology; and the • Warren Centre for Advanced Engineering – for a project on Professionalising Fire Safety Engineering.

Our Performance

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

The Framework will enable the VBA 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; and
- demonstrate transparency, accountability and the efficient and effective use of public funds.

Regulatory Activity

The following information provides an overview of the VBA's core regulatory functions. Comparisons have been made between regulatory activity in 2017–18 and 2016–17.

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

Building and Plumbing Registration and Licensing Activity

BUILDING			PLUMBING		
	2017–18	2016–17		2017–18	2016–17
Applications received for registration as a building practitioner	2,315	1,784	Applications received for registration or licensing as a plumbing practitioner	2,177	1,403
Applications finalised for registration as a building practitioner	2,376	2,115	Applications finalised for registration or licensing as a plumbing practitioner	1,927	1,625
Number of persons registered as a building practitioner at 30 June	23,154	22,658	Number of persons registered or licensed as a plumbing practitioner at 30 June	27,160	26,862
<i>Number of registrations by category of building practitioner at 30 June</i>			<i>Number of plumbing practitioners registered or licensed in the main classes of plumbing work at 30 June</i>		
Builder – Commercial Builder	5,342	5,318	Drainage work	20,595	20,364
Builder – Demolisher	356	363	Fire Protection work	707	681
Builder – Domestic Builder	15,489	15,163	Gasfitting work	20,914	20,605
Building Inspector	673	662	Irrigation (Non-agricultural) work	21,422	21,115
Building Surveyor	676	682	Mechanical Services work	15,922	16,052
Draftsperson	2,456	2,444	Roofing (Stormwater) work	20,878	20,673
Engineer	2,688	2,507	Sanitary work	21,044	20,733
Erector or Supervisor (Temporary Structures)	113	115	Water Supply work	21,349	21,041
Quantity Surveyor	138	141			

Building and Plumbing Activity

BUILDING			PLUMBING		
	2017–18	2016–17		2017–18	2016–17
Building permits reported	114,803	109,696	Compliance certificates lodged by licensed plumbing practitioners	391,095	372,702
Building permits reported – cost of works (\$ billion)	38.4	32.8			
Owner-builder certificates of consent issued by the VBA	5,179	5,464			
Temporary structure occupancy permits issued	124	86			

Security of Payment

VBA	2017–18	2016–17
Number of adjudication applications	394	360
Value of amounts claimed (\$ million)	74.9	65.3
Number of determinations	251	230
Value of adjudicated amounts (\$ million)	24.3	20.8

Building and Plumbing Compliance Activity

BUILDING			PLUMBING		
<i>Building audits completed</i>			<i>Plumbing audits completed</i>		
	2017–18	2016–17		2017–18	2016–17
Building inspections/ audits for cladding	550 ¹	35 ²	Plumbing audits and drain inspections completed	18,730	18,573
All other building audits completed	103 ³	N/A	Plumbing audits and drain inspections completed as a percentage of lodged compliance certificates	4.8	4.98
Building permit levy audits	101	105			
<i>Building investigations completed</i>			<i>Plumbing investigations completed</i>		
Building practitioner investigations completed	537	489	Plumbing practitioner investigations completed	720	698
<i>Building Proactive Inspections</i>					
Sites inspected as part of the Program	2,923	1,779			

¹ 2017–18 inspection and audit of the Victorian Cladding Taskforce Priority List.

² Building audits completed for cladding.

³ Audits conducted as part of the “as-built compliance” energy efficiency project.

Building and Plumbing Enforcement Activity

BPB AND VBA	2017–18	2016–17	VBA – PLUMBING	2017–18	2016–17
Building practitioner disciplinary hearings held by the BPB ¹	29	109	Plumbing practitioner disciplinary hearings held ²	25	28
Show cause notices issued	136	67			
Prosecutions completed — building	34	39	Prosecutions completed — plumbing	24	21
Building prosecutions commenced, but not completed	31	30	Plumbing prosecutions commenced, but not completed	8	16

Building and Plumbing Community Activity

BUILDING	2017–18	2016–17	PLUMBING	2017–18	2016–17
Building complaints received	1,496	1,741	Plumbing complaints received	1,845	2,490
BACV inspections requested	0 ³	138			
BACV on-site conciliations requested	0 ³	408			

¹ The Building Practitioners Board was abolished in September 2016. Transitional provisions within the amended *Building Act 1993* allow the Board to complete disciplinary proceedings that were already underway at the date on which the Board was abolished.

² Includes disciplinary hearings adjourned and listed, but not yet completed.

³ Not applicable – Building Advice and Conciliation Victoria ceased operating in April 2017. No inspections or on-site conciliations were requested in 2017–18.

Internal Review

The Internal Review function is now in its second year of operation, following reforms to the *Building Act 1993* (effective 1 September 2016). The Internal Review function considers internal reviews of registration decisions (around 86.6 per cent) and disciplinary decisions (around 13.4 per cent) made by the VBA.

INTERNAL REVIEWS	2017-18	2016-17 ¹
Internal reviews received for registration decisions	116	84
As a proportion of registrations refused	22.1%	25.5%
Completed within 28 days:		
Affirmed	93	67
Amended	1	1
Substituted	9	10
Total completed	103	78
Internal reviews received for disciplinary decisions	20	7
As a proportion of show cause decisions	14.8%	12.5%
Completed within 28 days:		
Affirmed	5	0
Amended	9	4
Substituted	2	2
Total completed	16	6

Affirmed: When a decision is *Affirmed* by Internal Review, the decision of the VBA remains unchanged.

Amended: When a decision is *Amended* by Internal Review, minor changes are made to the original VBA decision.

Substituted: When a decision is *Substituted* by Internal Review, the VBA's original decision is replaced with a different decision made by Internal Review. This may arise because new information or evidence is provided by the applicant or practitioner.

¹ The reforms to the *Building Act 1993* (effective 1 September 2016) introduced a new internal review function. Hence, figures for 2016-17 are from 1 September 2016 to 30 June 2017.

Financial Activity

VBA Five-year Financial Summary

	2017-18 \$M	2016-17 \$M	2015-16 \$M	2014-15 \$M	2013-14 \$M
Building permit levies	37.6	31.9	30.3	26.7	24.5
Practitioner registration and licences	10.1	8.6	8.3	8.0	7.5
Plumbing compliance certificates	12.5	12.3	12.0	11.0	9.9
Other income	8.8	3.3	3.1	5.3	4.8
Total income	69.0	56.1	53.8	51.0	46.6
Total expenses	63.2	53.2	49.9	45.7	40.4
Other economic flows	(1.2)	1.4	2.02	(0.9)	(1.6)
Net result	4.6	4.3	6.1	4.4	4.7
Current assets	50.9	45.3	46.1	38.6	32.1
Non-current assets	8.4	9.4	5.0	5.0	6.4
Total assets	59.3	54.8	51.1	43.6	38.5
Current liabilities	18.3	18.3	18.5	14.9	14.6
Non-current liabilities	2.5	2.6	3.0	5.1	4.7
Total liabilities	20.8	20.9	21.5	20.0	19.3
Net assets	38.5	34.0	29.6	23.6	19.1
Net increase/(decrease) in cash and cash equivalents	5.2	(1.2)	8.4	5.1	8.5

Current Year Financial Review

Overview

The VBA recorded an operating surplus of \$4.6 million in 2017–18, compared to an operating surplus of \$4.3 million in 2016–17. The most recent surplus was underpinned by a 23 per cent increase in income. The increase was the result of continued strength in Victoria's building sector, leading to another record level of income from building permit levies and plumbing compliance certificate fees. In addition, the VBA recognised a \$4.7 million grant from the State Government to contribute to the cost of auditing buildings with combustible cladding and increase the number of proactive inspections of building sites. The VBA also recognised a grant of \$0.8 million to fund an audit of residential buildings to ensure their compliance with as-built energy efficiency ratings.

Financial Performance and Business Review

The increase in income was offset by an 18.8 per cent increase in expenditure required to deliver legislative reform and undertake cladding audits and proactive inspections.

The main factors affecting the VBA's financial performance for the year were:

- new grants of \$5.5 million as detailed above;
- a 19 per cent increase in building levies, fees and fines, resulting from a record level of building activity in the state;
- a 19 per cent increase in employee costs required to deliver services and implement legislative and organisational reform; and
- an 86 per cent increase in legal fees, resulting from an increased level of practitioner discipline and enforcement activities.

Financial Position – Balance Sheet

The value of VBA assets increased by 8 per cent to \$59.3 million, while liabilities decreased slightly to \$20.8 million. The main factor affecting the VBA's financial position at 30 June 2018 was a 13 per cent increase in cash and investments to \$46 million.

Cash Flows

The cash balance of \$31.7 million at the end of the 2017–18 financial year is a decrease of \$9.1 million compared to the previous year. This is due to \$14.3 million of term deposits being classified as "Investments and Other Financial Assets", whereas in the previous year all term deposits were classified as "Cash and Deposits".

Net cash inflows from operating activities have increased by \$14 million mainly due to an increase of \$7.2 million for receipts from customers and \$5.5 million of grants received from the Department of Environment, Land, Water and Planning. Net cash outflows from operating activities have increased by \$10.1 million mainly due to employee costs of \$6.9 million and supplies and services of \$2.8 million.

Capital Projects

Capital expenditure during the year was \$2.6 million, including \$0.7 million for property, plant and equipment, \$0.4 million for VBA360, \$0.2 million for enhancements to eToolbox, and \$1.3 million for further development of the BST project.

Disclosure of Grants and Transfer Payments

The only grant provided by the VBA in 2017–18 was 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, as well as the development of effective regulatory and non-regulatory approaches. The grant amount for 2017–18 was \$1.05 million – no increase on the 2016–17 amount.

Subsequent Events

No matters or circumstances have arisen since the end of the financial year that have 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.

Post balance date approval of the Financial Statements reflects VBA staff changes.

Financial Governance

The VBA is committed to a strong financial governance framework, with oversight by an Audit and Risk Committee. The VBA also complies with Australian Accounting Standards, the Minister of Finance Standing Directions 2016 and the *Financial Management Act 1994*.



2

GOVERNANCE AND ORGANISATIONAL STRUCTURE

Commissioners in Office during 2017–18

The VBA Board is established under section 200 of the *Building Act 1993* and is responsible for governance and strategic management of the VBA. Commissioners are appointed by the Governor in Council on the Minister for Planning's recommendation.

Dr Owen Donald

Chairman and Chief Commissioner
1 February 2017 to 31 January 2020

Dr Owen Donald has many years of wide-ranging experience in organisational governance, especially in the housing and construction sectors.

Dr Donald chaired the National Housing Supply Council and Barwon Health, and has held board positions with many other organisations, including Southern Health, Aboriginal Housing Victoria, Housing Choices Australia, the Australian Institute of Health and Welfare, and the Port of Melbourne Corporation.

His executive experience includes several CEO positions, including appointments at the Australian Housing and Urban Research Institute and the Employment Services Regulatory Authority. He has also been the Director of Housing in Victoria and held other senior public sector positions, including head of the policy division of the Department of Social Security and head of the labour and international division of the Department of Finance.

Dr Donald is a consultant specialising in policy development and program management in housing and urban development. He was Independent Project Facilitator of the Millers Point property sale and social housing redevelopment plan (NSW), a member of the Urban Policy Forum (national) and Chair of the Expert Advisory Panel on Affordable Housing (Queensland).

Dr Donald has a doctorate in urban research, is a Graduate of the Australian Institute of Company Directors and a Fellow of the Institute of Public Administration Australia (Victoria).

Justin Madden AM

Deputy Chief Commissioner
8 September 2015 to 7 September 2021¹

Mr Justin Madden is a Principal and Cities Leader at Arup. Mr Madden works with Arup's leadership team on strategic project planning and infrastructure development.

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

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

Mr Madden currently serves on the board of several not-for-profit organisations, including AFL SportsReady, Foodbank Victoria and Victoria Walks.

Mr Madden was awarded the Member of the Order of Australia in 2016 for significant service to the Parliament of Victoria, to Australian rules football as a player, and to the community.

Anne Barker

Commissioner
1 July 2016 to 30 June 2019

Ms Anne Barker was Managing Director of City West Water for 13 years, during which time she was a member of the Plumbing Industry Advisory Council for six years. Her previous experience includes practising law and holding senior management positions with Myer Stores, ANZ Bank and SPI PowerNet.

Ms Barker is currently Chair of Whitelion Open Family Australia and has diverse board experience, including as Chair of LeadWest and as a director of both the Water Services Association of Australia and the Metropolitan Fire Brigade.

Carmel Coate

Commissioner
22 November 2017 to 21 November 2020

Ms Carmel Coate is a longstanding and highly respected plumbing and fire protection industry leader, who was appointed as a Commissioner of the VBA Board in November 2017.

Ms Coate has extensive experience in the plumbing sector, having been National Executive Director of the National Fire Industry Association (NFIA) for 30 years and a member of the Plumbing Advisory Council (PAC) for the past 16 years.

With strong experience in project leadership and team management, business planning and systems implementation, her extensive CV sets out a range of positions on boards, committees and advisory groups in the plumbing, fire protection and industry training sectors.

Ms Coate is also Chair of the Plumbing Industry Climate Action Centre, the industry-led training facility in Brunswick; Chair of Fire Industry Training Ltd, an industry-owned training organisation; and a member of the Australian Institute of Company Directors.

Kelly Humphreys

Commissioner
1 March 2017 to 29 February 2020

Ms Kelly Humphreys is an experienced company director with expertise in financial services, insurance and risk management across the public and private sectors in Australia and New Zealand. She is a current director, member and Chair of Audit and Risk Committees with the Accident Compensation Conciliation Service and Latrobe Health Services.

Ms Humphreys has held several senior executive roles, including those with Aon, Allianz and Liberty Financial. As General Manager – Government with the Victorian Managed Insurance Authority, she led the delivery of risk services and advice to the Victorian public sector.

Ms Humphreys holds a Master of Management and is a Graduate of the Australian Institute of Company Directors.

¹ Justin Madden's appointment as Deputy Chief Commissioner of the VBA Board was extended on 8 July 2018 until 7 September 2021.

Yvonne von Hartel AM

Commissioner

1 April 2014 to 29 February 2020

Ms Yvonne von Hartel is a Founding Principal of the award-winning national architectural and urban design practice, peckvonhartel. She is a Senior Counsellor of the Australian Institute of Architects; a member of the La Trobe University Council and Deputy Chair of its Infrastructure and Estates Planning Committee; a Trustee of the Melbourne Convention and Exhibition Centre and Chair of its Capital Works Committee; a Member of the University of Wollongong SMART Infrastructure Advisory Council; and a Board Member of Queen Victoria Market Pty Ltd and a Member of its Audit and Risk Committee. She is also a member of the VBA's Remuneration Committee and the Chair of the Building Regulations Advisory Committee.

Ms von Hartel is a member of several design advisory panels, including the Sydney Metro, Mornington Peninsula Shire Council, Capital Metro Agency and WestConnex.

In 2007, Ms von Hartel was awarded the 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".

Brian Welch

Commissioner

29 October 2013 to 30 June 2019

Mr 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 of Australia (Victorian Division) and 20 years as Executive Director of the Master Builders Association of Victoria (MBAV). During his term with the MBAV, Mr Welch served on the Building Practitioners Board and the Building Advisory Council, and has held many other roles dealing with skills development in the industry.

Upon leaving the MBAV, Mr Welch established a consultancy assisting not-for-profit organisations. He is presently on the boards of the Victorian Registration and Qualifications Authority, the Redundancy Payment Central Fund (Incolink) and Neighbourhood Watch.

Mr Welch brings to the Board his experience and understanding of the industry, and the role and requirements of practitioners.

Dr Lynne Williams AM

Commissioner

1 April 2014 to 29 February 2020

Dr 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.

Dr Williams has previously held senior executive positions in the departments of Premier and Cabinet, and Industry, in Victoria.

Dr Williams has considerable Board experience and is currently Deputy Chair of the Essential Services Commission of South Australia, Commissioner on the Victorian Legal Services Board, Commissioner on the Commonwealth Grants Commission and Chair of the Audit Committee for the Victorian Legal Services Board. She is a Fellow of the Institute of Public Affairs Australia and a Member of the AICD.

Dr Williams was awarded the Member of the Order of Australia in 2016 for significant services to public sector administration and to economic and public policy reform in Victoria.

Sue Eddy

Chief Executive Officer

6 November 2017 onwards

Ms Sue Eddy commenced as Chief Executive Officer of the VBA in November 2017.

For over 15 years, Ms Eddy has built a distinguished résumé, holding senior roles across several major Victorian Government departments. Since joining the Victorian Public Service in 2002, Ms Eddy has made an enduring contribution across several notable departments, including the Department of Human Services and the Department of Treasury and Finance.

She has held senior positions inside the Department of Transport, Planning and Local Infrastructure, and the Department of Economic Development, Jobs, Transport and Resources.

Ms Eddy's role in the public sector has often been ground-breaking, through the creation of new methods and ways of working. She has been a champion for flexible working conditions, diversity and inclusion, and strengthening public sector governance.

Board Meeting Attendance 2017–18

NAME	ATTENDED	MAXIMUM POSSIBLE
Dr Owen Donald Chief Commissioner (Chair)	11	11
Justin Madden AM Deputy Chief Commissioner	9	11
Anne Barker	10	11
Carmel Coate	6	6
Kelly Humphreys	11	11
Yvonne von Hartel AM	8	11
Brian Welch	9	11
Dr Lynne Williams AM	10	11

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's responsibilities are set out in Standing Direction 3.2.1.1 and 3.2.1.3. Its key responsibilities are to:

- review and report independently to the Board on the Annual Report and all other financial information published by the VBA;
- assist the Board in reviewing the effectiveness of the VBA's internal control environment, covering effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations;
- determine the scope of the internal audit function and ensure its resources are adequate and used effectively, including via co-ordination with external auditors;
- maintain effective communication with external auditors, consider recommendations made by internal and external auditors, and review the implementation of actions to resolve issues raised; and
- oversee the effective operation of the risk management framework.

Members are appointed by the Board, usually for a three-year term, and are subject to the Committee's terms of reference.

Meetings are held quarterly and at any other time on request of a Committee member or the internal or external auditor. In 2017–18, the Committee met five times. Attendance of Committee members is detailed below.

Audit and Risk Committee Meeting Attendance 2017–18

NAME	ATTENDED	MAXIMUM POSSIBLE
Dr Lynne Williams AM * Chair	5	5
Anne Barker *	2	2
Kelly Humphreys *	5	5
Brian Welch *	4	5
Dianne Azoor-Hughes *	5	5
Dr Owen Donald *	4	4

* Independent Member

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. Responsibilities include contracting, performance review and oversight of the CEO.

Remuneration Committee Meeting Attendance 2017–18

NAME	ATTENDED	MAXIMUM POSSIBLE
Dr Owen Donald Chief Commissioner (Chair)	2	2
Justin Madden AM Deputy Chief Commissioner	1	2
Anne Barker	2	2
Yvonne von Hartel AM	2	2

Research and Innovation Committee

The role of the Committee is to oversee, in consultation with stakeholders, the development of the ongoing research and innovation program, which details research and innovation priorities, proposed projects and approved current projects.

Research and Innovation Committee Meeting Attendance 2017–18

NAME	ATTENDED	MAXIMUM POSSIBLE
Carmel Coate Chair	2	2
Dr Owen Donald Chief Commissioner	2	2
Kelly Humphreys	2	2
Yvonne von Hartel AM	2	2
Brian Welch	2	2

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.

STATUTORY BOARDS/COUNCILS/COMMITTEES

BUILDING APPEALS BOARD
BUILDING ADVISORY COUNCIL
PLUMBING ADVISORY COUNCIL
BUILDING PRACTITIONERS BOARD
BUILDING REGULATIONS ADVISORY COMMITTEE

VBA BOARD COMMITTEES

AUDIT AND RISK COMMITTEE
REMUNERATION COMMITTEE
RESEARCH AND INNOVATION COMMITTEE

The Hon. Richard Wynne
Minister for Planning

Sue Eddy
Chief Executive Officer

VBA BOARD

- Dr Owen Donald**
Chairman and
Chief Commissioner
- Justin Madden AM**
Deputy Chief
Commissioner
- Anne Barker**
Carmel Coate
Kelly Humphreys
Yvonne von Hartel AM
Brian Welch
Dr Lynne Williams AM
Commissioners

- Mark Rossiter**
Executive Director, Operations
- Matthew Vincent**
Executive Director, Corporate
Governance and Major Projects
- Karen Wild**
Director, People and Capability
- Kate Despot**
Director, Research and Review
- Ronja Laugallies**
General Counsel
- John Thompson**
Director, Communications and
Stakeholder Engagement



Our People

2017–18 has been a significant year of change for VBA staff. As we have expanded to address demands for regulatory activity, we have focused heavily on creating a positive, inclusive and enriching culture. The VBA has made a concerted effort to attract and retain staff who commit to our vision and values, and who seek ongoing employment and career development opportunities. These factors and our expanded responsibilities have resulted in a larger and more diverse workforce.

Our technical expertise has expanded, and our people have worked hard to improve nearly every KPI, while also addressing unexpected challenges.

Integral to our people, culture and innovative approach has been the establishment of staff-led consultative committees. Alongside these, we expanded engagement and feedback opportunities at all levels of the VBA, and ran an inaugural leadership program for team leaders and managers. Novated leasing was also introduced to enable employees to benefit from a broader range of salary sacrificing options.

Health and wellbeing were continued areas of focus, with participation in R U OK? Day, Mental Health Week, Health and Safety Month, and the provision of flu vaccinations for all employees. Staff also continued the VBA tradition of giving generously to Victorians in need – as demonstrated through fundraising for the Lighthouse Foundation, the Christmas Wishing Tree and many other events.

Occupational Health and Safety

The safety of VBA staff continues to be an important focus, with all VBA employees encouraged to report workplace health and safety incidents, near misses and hazards. In 2017–18, the VBA continued to promote the organisation's incident management process. The organisation-wide OHS systems review continued, with several initiatives under way, including development of Health and Safety Guidelines for our field-based people.

Incident Management

Incidents across the VBA increased by 2.2 per cent per 100 FTE in 2017–18. Incidents include injuries, near misses and detected workplace hazards. In real terms, the increase equates to eight additional reported incidents compared with the previous year. While reported incidents were up, the number of incidents resulting in injury fell by 1.5 per cent per 100 FTE – a decrease of three.

The increase in incidents was expected and is driven by an increased awareness of incident reporting among staff and early intervention by VBA employees.

The number of standard claims fell in 2017–18, while the rate per 100 FTE also fell by 0.5 per cent.

The total number of WorkCover claims lodged decreased in 2017–18. In addition, the claims rate also decreased. The average cost per claim decreased from \$30,798 to \$10,960.

The VBA's WorkCover premium decreased in 2017–18 by 2.4 per cent.

Performance Against Occupational Health and Safety Management Measures

MEASURE	KEY PERFORMANCE INDICATOR	2017–18	2016–17	2015–16
Incidents and Injuries ¹	Number of incidents	23	15	7
	Incident rate per 100 FTE (%)	7.9	5.7	2.8
	Number of incidents requiring first aid and/or further medical treatment	0	N/A	N/A
	Number of injuries	11	14	19
	Injury rate per 100 FTE (%)	3.8	5.3	7.8
Claims	Number of standard claims ²	1	2	4
	Rate per 100 FTE (%)	0.3	0.8	1.6
	Number of lost time claims	1	2	2
	Rate per 100 FTE (%)	0.3	0.8	0.8
	Number of claims exceeding 13 weeks	1	1	0
	Rate per 100 FTE (%)	0.3	0.4	0
Fatalities	Fatality claims	0	0	0
Claim costs	Average cost per standard claim (\$)	10,960	30,798	6,181
Return to work	Percentage of claims with RTW plan < 30 days	0	0	50

¹ Incidents and injuries include all work-related incidents, near misses, illnesses and hazards reported by VBA employees and contractors. An increase in the number of incidents reported has contributed to increased awareness of reporting requirements and early intervention by VBA employees.

² Data sourced from the VBA's WorkCover insurer, Allianz, on behalf of the Victorian WorkCover Authority.

Performance Against Occupational Health and Safety Management Measures (continued)

MEASURE	KEY PERFORMANCE INDICATOR	2017–18	2016–17	2015–16
Management commitment	Evidence of OHS policy and objectives, and regular reporting to senior management	Achieved	Achieved	Achieved
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	In progress	N/A	N/A
Consultation and participation	Evidence of agreed structure of:			
	• designated workgroups (DWGs)	Achieved	Achieved	Achieved
	• health and safety representatives (HSRs)	Achieved	Achieved	Achieved
	• issue resolution procedures (IRPs)	Achieved	In progress	Achieved
	• compliance with agreed structure on DWGs, HSRs and IRPs.	Achieved	Achieved	Achieved
Risk management	Percentage of internal audits/inspections conducted as planned	100	100	100
	Reporting of incidents and injuries (%)	100	100	100
	Number of Improved Notices issued across the Department by a WorkSafe inspector	0	N/A	N/A
	Percentage of issues identified and actioned as arising from:			
	• internal audits	100	100	100
	• HSR provisional improvement notices (PINs)	N/A	N/A	N/A
	• WorkSafe notices.	N/A	100	N/A
Training	OHS induction program	Achieved	Achieved	Achieved
	HSR training	Achieved	Achieved	Achieved
	Percentage of managers and staff that have received OHS training:			
	• induction	100	N/A	N/A
	• management training ¹	100	N/A	N/A
	• contractors, temps and visitors. ²	100	N/A	N/A
	Percentage of HSRs trained:			
	• acceptance of role	100	N/A	N/A
	• retraining (refresher)	100	N/A	N/A
	• reporting of incidents and injuries.	100	N/A	N/A

Employment and Conduct Principles

The VBA is committed to ensuring the requirements set out in the *Public Administration Act 2004* and the principles of the *Code of Conduct for Victorian Public Sector Employees* are enshrined in all VBA employment policies and procedures.

In 2017–18, the VBA continued to ensure new employees gained a thorough understanding of the *Code of Conduct for Victorian Public Sector Employees* and an introduction to VBA policies and procedures during the onboarding process. The Conflict of Interest and Gifts, Benefits and Hospitality (GBH) policies continued to be a focus, with the GBH Register published on the VBA's website.

¹ The VBA provides all management staff with Work Health and Safety Compliance Essentials training via the online Learning Management System.

² The VBA has made an online induction available to all engaged staff and contractors via the intranet.

3

WORKFORCE DATA

Public Sector Values and Employment Principles

All VBA policies and procedures are aligned to the public sector values and employment principles set out in the *Public Administration Act 2004*.

The VBA's recruitment and selection processes are conducted in accordance with the principles of merit and equity. Candidates undergo a thorough selection process against established key selection criteria without discrimination and satisfy all VBA compliance requirements.

Comparative Workforce Data

The VBA employed additional staff in 2017–18 to ensure it had the capacity and capability to deliver its existing obligations amid expanding operational requirements. The growth in staffing level extends a trend from previous financial years.

Summary of Employment Levels in 2017 and 2018 ¹

ONGOING EMPLOYEES ²				FIXED-TERM AND CASUAL EMPLOYEES
	Employees (headcount)	Full-time (headcount)	Part-time (headcount)	FTE
June 2018	260	239	21	253.79
June 2017	212	191	21	206.20

Details of Employment Levels in June 2017 and June 2018 ³

	JUNE 2018			JUNE 2017		
	Ongoing		Fixed-term and casual employees	Ongoing		Fixed-term and casual employees
	Employees (headcount)	FTE	FTE	Employees (headcount)	FTE	FTE
Gender						
Male	143	142.60	15.60	98	97.00	48.20
Female	117	111.19	19.97	106	99.36	17.80
Self-described	-	-	-	-	-	-
Total	260	253.79	35.57	204	196.36	66.00
Age						
Under 25	4	4.00	1.00	4	4.00	4.00
25–34	60	59.34	15.60	37	36.30	23.00
35–44	68	64.46	12.00	69	64.66	13.80
45–54	80	78.79	4.47	46	45.30	14.00
55–64	41	40.60	2.50	39	37.90	11.20
Over 64	7	6.60	-	9	8.20	-
Total	260	253.79	35.57	204	196.36	66.00

¹ All figures reflect employment levels during the last full pay period in June each year.

² Ongoing employees include people engaged on an open-ended contract of employment, and executives engaged on a standard executive contract, who were active in the last full pay period of June each year.

³ 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 in June 2017 and June 2018 ¹ (continued)

	JUNE 2018			JUNE 2017		
	Ongoing	Fixed-term and casual employees		Ongoing	Fixed-term and casual employees	
	<i>Employees (headcount)</i>	<i>FTE</i>	<i>FTE</i>	<i>Employees (headcount)</i>	<i>FTE</i>	<i>FTE</i>
VPS grades						
Grade 1	-	-	-	2	1.22	-
Grade 2	34	32.13	13.17	32	30.10	12.00
Grade 3	34	32.79	7.00	24	22.72	10.00
Grade 4	49	48.21	2.60	24	22.90	5.00
Grade 5	89	88.00	8.80	89	87.90	33.40
Grade 6	37	35.66	3.00	25	23.72	4.60
Grade 7 (STS)	2	2.00	1.00	-	-	-
Executive	15	15.00	-	8	7.80	1.00
Total	260	253.79	35.57	204	196.36	66.00

¹ 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.

The following table discloses the headcount and full-time staff equivalent (FTE) of all active public sector employees of the VBA who were employed in the last full pay period in June 2018.

Details of Employment Levels in June 2018

Demographic data	JUNE 2018							
	All employees			Ongoing employees			Fixed-term and casual employees	
	Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE	
	Gender							
	Male	159	158.20	141	2	142.60	16	15.60
	Female	139	131.16	98	19	111.19	22	19.97
	Self-described	-	-	-	-	-	-	-
	Age							
	Under 25	5	5.00	4	-	4.00	1	1.00
	25–34	76	74.94	57	3	59.34	16	15.60
	35–44	81	76.46	58	10	64.46	13	12.00
	45–54	85	83.26	75	5	78.79	5	4.47
	55–64	44	43.10	40	1	40.60	3	2.50
Over 64	7	6.60	5	2	6.60	-	-	
Classification data	VPS grades							
	VPS 1	-	-	-	-	-	-	-
	VPS 2	49	45.30	31	3	32.13	15	13.17
	VPS 3	41	39.79	28	6	32.79	7	7.00
	VPS 4	52	50.81	46	3	48.21	3	2.60
	VPS 5	98	96.80	85	4	88.00	9	8.80
	VPS 6	40	38.66	32	5	35.66	3	3.00
	Senior employees							
	STS	3	3.00	2	-	2.00	1	1.00
	PS	-	-	-	-	-	-	-
	SMA	-	-	-	-	-	-	-
	SRA	-	-	-	-	-	-	-
	Executives	15	15.00	15	-	15.00	-	-
	Other	-	-	-	-	-	-	-
	Total employees		298	289.36	239	21	253.79	38

The following table discloses the headcount and full-time staff equivalent (FTE) of all active public sector employees of the VBA who were employed in the last full pay period in June 2017.

Details of Employment Levels in June 2017

Demographic data	JUNE 2017									
	All employees			Ongoing employees			Fixed-term and casual employees			
	Number (headcount)		FTE	Full-time (headcount)		Part-time (headcount)	FTE	Number (headcount)	FTE	
	Gender									
	Male	144	142.29	97		3	99.29	44	43.00	
	Female	135	127.59	94		18	106.91	23	20.68	
	Self-described	-	-	-		-	-	-	-	
	Age									
	Under 25	7	7.00	5		-	5.00	2	2.00	
	25–34	67	64.79	38		4	40.79	25	24.00	
	35–44	76	71.81	53		11	61.02	12	10.79	
	45–54	74	73.20	55		3	57.19	16	16.00	
	55–64	48	46.69	35		2	36.40	11	10.29	
	Over 64	7	6.40	5		1	5.80	1	0.60	
Classification data	VPS grades									
	VPS 1	-	-	-		-	-	-	-	
	VPS 2	65	61.09	38		5	41.12	22	19.97	
	VPS 3	42	39.90	25		7	38.38	10	9.51	
	VPS 4	38	37.20	19		2	20.40	17	16.80	
	VPS 5	90	88.49	70		5	73.70	15	14.79	
	VPS 6	33	32.20	28		2	29.60	3	2.60	
	Senior employees									
	STS	2	2.00	2		-	2.00	-	-	
	PS	-	-	-		-	-	-	-	
	SMA	-	-	-		-	-	-	-	
	SRA	-	-	-		-	-	-	-	
	Executives	9	9.00	9		-	9.00	-	-	
	Other	-	-	-		-	-	-	-	
	Total employees		279	269.88	191		21	206.20	67	63.68

Annualised Total Salary, by \$20,000 Bands, for Executives and Other Senior Non-executives

The following table discloses the annualised total salary for senior employees, categorised by bands. The salary amount is reported as the full-time annualised salary. ¹

Income band (salary)	Executives	STS
< \$160,000		
\$160,000 – \$179,999	2	3
\$180,000 – \$199,999	4	
\$200,000 – \$219,999	4	
\$220,000 – \$239,999	2	
\$240,000 – \$259,999	2	
\$260,000 – \$279,999		
\$280,000 – \$299,999		
\$300,000 – \$319,999		
\$320,000 – \$339,999		
\$340,000 – \$359,999		
\$360,000 – \$379,999		
\$380,000 – \$399,999	1	
\$400,000 – \$419,999		
\$420,000 – \$439,999		
\$440,000 – \$459,999		
\$460,000 – \$479,999		
\$480,000 – \$499,999		
Total	15	3

Workforce Inclusion Policy and Disability Action Plan

The VBA continues to support a diverse workforce and an inclusive culture where difference is valued, and our people's unique contributions are encouraged and recognised. The organisational values – We Problem Solve, We Work as One, and We Deliver – highlight the sense of inclusiveness in all VBA practices, and continue to be embedded in everything we do.

In the coming year, the VBA will develop and implement a Diversity and Inclusion Strategy, with objectives aimed at addressing gender equity, reconciliation and accessibility for people with a disability.

The VBA is creating an inclusive culture where equal opportunity and diversity are valued. At 30 June 2018, 47 per cent of our workforce was female and 53 per cent was male. At the executive level, it was one-third female and two-thirds male. The VBA aims to increase the representation of women at the executive level by 2019.

¹ The salaries reported exclude superannuation and represent the 15 occupied Executive positions within the VBA.

Executive Officer Data

An Executive Officer (EO) is defined as a person employed as a public sector body head or other Executive under part 3, division 5 of the *Public Administration Act 2004*. All figures reflect employment levels at the last full pay period in June 2018 and the corresponding period in the previous reporting year.

Breakdown of Executives

	2017-18				2016-17		
	Male	Female	Self-described	Vacancies	Male	Female	Vacancies
CEO	0	1	0	0	0	1	0
EO	10	4	0	0	4	4	1
Total	10	5	0	0	4	5	1

Reconciliation of Executive Numbers

		2018	2017
	Executives with total remuneration over \$100,000	20	12
Add	Vacancies	0	1
	Executives employed with total remuneration below \$100,000	0	0
	Accountable Officer (CEO)	1	1
Less	Separations	6	4
	Total Executive numbers at 30 June	15	10

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OTHER DISCLOSURES

Implementation of VIPP

The *Victorian Industry Participation Policy Act 2003* requires the VBA to report on the implementation of the Victorian Industry Participation Policy (VIPP). Under the Policy, the VBA is required to apply the VIPP to all procurement activities valued at \$3 million or more in metropolitan Melbourne or \$1 million or more in rural Victoria.

The VBA did not undertake any procurement activities within the thresholds identified above.

Government Advertising Expenditure

In 2017–18, there was a total expenditure of \$312,602 spent on advertising campaigns (exclusive of GST). Details are shown overleaf.

Details of Government Advertising Expenditure (Campaigns with a Media Spend of \$100,000 or more)

Name of campaign	Campaign summary	Start and end date	Advertising (media) expenditure (excl. GST)	Creative and campaign development expenditure (excl. GST)	Research and evaluation expenditure (excl. GST)	Print and collateral expenditure (excl. GST)	Other campaign expenditure (excl. GST)	Total
Victorian Building Authority – Building Reforms	Information and awareness campaigns advising practitioners in the building and plumbing industries about VBA activity and legislative changes.	01/07/2017 30/06/2018	\$224,110	\$36,495	\$25,880	\$11,751	\$14,366	\$312,602

Consultancy Expenditure

Details of Consultancies (Valued at \$10,000 or more)

In 2017–18, there were 18 consultancies where the total fees payable to the consultants were \$10,000 or more. The total expenditure incurred during 2017–18 in relation to these consultancies was \$1,152,521¹ (excluding GST). Details of individual consultancies are available on the VBA website at vba.vic.gov.au/annual-report.

Details of Consultancies less than \$10,000

In 2017–18, 11 consultancies were engaged where the total fees payable to the consultants were less than \$10,000.

Information and Communications Technology Expenditure

In 2017–18, the VBA had a total ICT expenditure of less than \$6.5 million.²

(\$ MILLION)			
ALL OPERATIONAL ICT EXPENDITURE		ICT EXPENDITURE RELATED TO PROJECTS TO CREATE OR ENHANCE ICT CAPABILITIES	
Business as Usual ICT expenditure	Non-Business as Usual ICT expenditure	Operational expenditure	Capital expenditure
(Total)	(Total = Operational expenditure and capital expenditure)		
\$2,710,844	\$876,144	\$55,308	\$820,836

Disclosure of Major Contracts

The VBA adheres to the Victorian Government's policy of disclosing contracts worth \$10 million or more, in accordance with the *Financial Management Act 1994*. In 2017–18, the VBA had no contracts worth \$10 million or more.

¹ The financial statements disclose total fees paid to consultants of \$1,625,000. This figure is \$423,000 higher than the figure disclosed in the Report of Operations. The variance was detected after completion of the audit of financial statements. The reason for the variance is that there was no common definition of "consultants" applied throughout the organisation at the time purchase orders were raised, and this resulted in different expenditure type codes being used. The VBA has adopted the Department of Treasury and Finance's definition of consultants, as described in "Guidance Note to Financial Direction FRD 22H", and procedures will be put in place to ensure consistency in future reports.

² The VBA's Information and Communications Technology disclosure for 2017–18 is materially different to the 2016–17 disclosure. This is a result of the VBA stringently applying the Financial Reporting Directions and Guidance for the 2017–18 disclosure, whereas minor reporting requirements were omitted in the 2016–17 figures. Additional drivers of the year-on-year difference are the redirection of capital expenditure in 2017–18 and the consequent operational expenditure requirements.

Freedom of Information

The *Freedom of Information Act 1982* (the Act) gives members of the public a right to access documents held by the VBA, subject to any exemptions that may apply in accordance with the Act.

During the 2017–18 financial year, the VBA received 312 Freedom of Information (FOI) requests – an increase from the 249 requests received during the previous reporting period.

The majority of requests were from parties to complaints investigated by the VBA's building and plumbing investigators, as well as for requests seeking access to a plumber's insurance policy information.

Most of the requests resulted in the release of documents to applicants in full or in part, or with information released to applicants outside of the Act.

Summary of decisions:

- 76 released in full
- 35 released in part
- 35 denied in full
- 108 released outside of the Act
- The remaining matters were either withdrawn, not proceeded with, yet to be finalised, or no documents could be found.

FOI requests are generally required to be processed within 30 days of receipt. However, this timeframe can be extended in certain circumstances. The VBA made 305 decisions on FOI requests for the 12 months ending 30 June 2018. Of these, 178 matters were finalised within 30 days, 98 matters were finalised between 31 and 45 days, 28 matters were finalised between 46 and 90 days, and one matter was finalised after 91 days. The average time within which the VBA processed an FOI request was 26 days.

During 2017–18, 20 applications were made to the Office of the Victorian Information Commissioner as a complaint, or for a review of a VBA decision. Including matters from the previous reporting period, 20 matters were finalised in 2017–18, with two matters proceeding to the Victorian Civil and Administrative Tribunal for review.

Making a Request

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

Requests for documents held by the VBA should be sent by email to foi@vba.vic.gov.au or posted to:

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

The requirements of a request are set out in section 17 of the *Freedom of Information Act 1982*. In summary, a request should:

- be in writing and be sent by email or post;
- identify as clearly as possible which document is being requested (contact the FOI Officer if unsure); and
- be accompanied by the appropriate application fee (\$28.90 at 1 July 2018). The fee may be waived in circumstances of demonstrated financial hardship to the applicant.

Access charges may apply once documents have been processed and an access decision has been made. Charges may be applied, for example, for costs associated with photocopying and the search and retrieval of documents.

Further information about FOI is available from www.foi.vic.gov.au.

Compliance with the Building Act

The VBA owns and operates regional offices in Ballarat, Bendigo, Morwell and Wangaratta. The VBA conducts 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 costing more than \$50,000 on VBA-owned buildings in 2017–18.

There have been no cases of registered building practitioners becoming deregistered following work on VBA-owned buildings.

Competitive Neutrality Policy

Competitive neutrality requires government businesses to ensure that, where services compete, or potentially compete with the private sector, any advantage arising solely from their government ownership be removed if it is not in the public interest. Government businesses are required to cost and price these services as if they are privately owned. Competitive Neutrality Policy supports fair competition between public and private businesses and provides government businesses with a tool to enhance decisions on resource allocation. This policy does not override other policy objectives of government and focuses on efficiency in the provision of service.

The VBA continues to comply with the requirements of the Competitive Neutrality Policy.

Compliance with the *Protected Disclosure Act 2012*

The *Protected Disclosure Act 2012* (the Act) encourages and assists people to make disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act, establishes a system for the matters disclosed to be investigated and enables 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. The VBA is committed to ensuring transparency and accountability in its administrative and management practices, and supports making disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

Reporting Procedures

Disclosures alleging improper conduct or detrimental action by the VBA or any of its employees or officers can be made to the Victorian Ombudsman or to the Independent Broad-based Anti-corruption Commission by calling 1300 735 135, visiting ibac.vic.gov.au or writing to:

Independent Broad-based Anti-corruption Commission
Level 1, North Tower
459 Collins Street
Melbourne VIC 3000

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 its employees or officers. The Procedures also demonstrate to potential disclosers that the VBA will take steps to ensure a person's welfare is managed before, during and after any investigation or action that may be taken by the Independent Broad-based Anti-corruption Commission. Visit vba.vic.gov.au to view the procedures.

Further information or guidance is available from the VBA by emailing protected.disclosure@vba.vic.gov.au or writing to:

Protected Disclosure Co-ordinator
Goods Shed North
733 Bourke Street
Docklands VIC 3008

Office-based Environmental Impacts

The VBA's head office is located in the Goods Shed North building, 733 Bourke Street, Docklands. In 2009, the Goods Shed North building received a 5 Star Green Star rating from the Green Building Council of Australia. In December 2015, the VBA expanded its Docklands presence by acquiring the lease of Level 9, 737 Bourke Street, Docklands.

With the aim of reducing its impact on the environment, the VBA actively monitors its consumption of resources.¹ The table opposite indicates a 23.8 per cent reduction in the total units of waste being sent to landfill, compared to 2016–17. Over the same period, our total units of recycling decreased by 33 per cent. Increasing the amount of paper, plastic, glass and metal we recycle is a priority for the 2018–19 reporting period.

¹ At the time of printing, some data regarding water, gas and electricity consumption, plus total distance travelled by air, and percentage of employees using sustainable transport, was not available.

Energy Use

The VBA consumes energy predominantly through office facilities. The data presented below was collected through energy retailer billing information. The VBA is continuing to develop systems to more comprehensively collect and report on energy data.

INDICATOR	2017-18	2016-17	2015-16
E1. Total energy usage segmented by primary source (MJ)			
Electricity – excluding Green Power	1,732,374	1,761,821	1,549,741
Natural gas	0	0	0
Green power	0	0	0
LPG	0	0	0
E2. Total greenhouse gas emissions from energy consumption (tonnes CO₂-e)			
Electricity – excluding Green Power	Data not available	Data not available	Data not available
Natural gas	0	0	0
LPG	0	0	0
E3. Percentage of electricity purchased as Green Power	0	0	0
E4. Units of office energy used per FTE (MJ)	5,994.37	8,552.53	8,376.98
E5. Units of office energy used per office area (MJ/m²)	324	330	290

Waste and Recycling

The VBA is continuing to develop systems to more comprehensively collect data on its waste and recycling. The table below only includes office-based data.

INDICATOR	2017-18	2016-17	2015-16
Ws1. Total units of waste disposed of by destination (kg)			
Landfill	9,792	12,845	9,663
Co-mingled recycling	9,331	13,939	9,541
Paper and card	Data not available	Data not available	Data not available
Secure documents	Data not available	Data not available	Data not available
Organics	Data not available	Data not available	Data not available
Ws2. Total units of waste disposed of per FTE by destination (kg)			
Landfill	35.61	66.31	39.58
Co-mingled recycling	33.93	71.96	39.08
Paper and card	Data not available	Data not available	Data not available
Secure documents	Data not available	Data not available	Data not available
Organics	0	0	0
Ws3. Recycling rate (%)	49	52	50
Ws4. Greenhouse gas emissions associated with waste (tonnes CO₂-e)	22.95	32.14	19.77

Paper Use

The VBA is becoming more efficient in relation to its paper use. In 2017–18, 4,823 reams of copy paper were consumed – a decrease of 6.5 per cent compared to the previous reporting period. This decrease is commensurate with less paper usage per FTE staff member, despite staffing levels increasing across the organisation. All copy paper purchased was comprised of at least 75 per cent recycled content. The table below only includes office-based data.

INDICATOR	2017–18	2016–17	2015–16
P1. Total units of A4 equivalent copy paper used (reams)	4,823	5,160	6,347
P2. Total units of A4 equivalent copy paper used per FTE (reams)	17.54	26.64	26.00
P3. 75–100% recycled content	100%	100%	100%
P3. 50–74% recycled content	0%	0%	0%
P3. 0–49% recycled content	0%	0%	0%

Water Consumption

The data in the table below is based on water meter readings taken at the Goods Shed North office. Water consumption data is not available for the VBA's other metropolitan office.

INDICATOR	2017–18	2016–17	2015–16
W1. Total water consumption (kilolitres)	Data not available	Data not available	Data not available
W2. Units of office water used per FTE (kilolitres)	Data not available	Data not available	Data not available
W3. Units of office water used per office area (kilolitres/m ²)	Data not available	Data not available	Data not available

Travel and Transport

The VBA's fleet comprises 70 vehicles, all of which are operational vehicles. Within the fleet, 26 vehicles are fuelled by unleaded petrol and 44 are hybrid. The figures in the table below are for the period 1 April to 31 March.

INDICATOR	2017-18	2016-17
T1. Total energy consumption by fleet vehicles (MJ)	3,312,505	4,158,851
Diesel	0	0
LPG	0	0
Unleaded	1,427,195	1,622,974
Hybrid	1,885,310	2,535,877
T2. Total distance travelled by fleet vehicles (km)	1,109,525	1,349,702
Diesel	0	0
LPG	0	0
Unleaded	399,786	412,108
Hybrid	709,739	937,594
T3. Total greenhouse gas emissions from fleet vehicles (tonnes CO₂-e)	388	481
Diesel	0	0
LPG	0	0
Unleaded	113	117
Hybrid	275	364
T3. Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO₂-e)	0.39	0.48
Diesel	0.00	0.00
LPG	0.00	0.00
Unleaded	0.11	0.12
Hybrid	0.28	0.36
T4. Total distance travelled by air (km)	77,202	Data not available

Greenhouse Gas Emissions

The emissions disclosed in the table below are taken from the previous sections and brought together here to show the VBA's greenhouse footprint.

INDICATOR	2017–18	2016–17	2015–16
G1. Total greenhouse gas emissions associated with energy use (tonnes CO₂-e)	Data not available	Data not available	Data not available
Note: This includes office-based data only.			
G2. Total greenhouse gas emissions associated with vehicle fleet (tonnes CO₂-e)	389.18	481.18	554.81
G3. Total greenhouse gas emissions associated with air travel (tonnes CO₂-e)	13.60	Data not available	Data not available
G4. Total greenhouse gas emissions associated with waste disposal (tonnes CO₂-e)	22.95	32.14	19.77
Note: This includes office-based data only.			
G5. Greenhouse gas emissions offsets purchased (tonnes CO₂-e)	Data not available	Data not available	Data not available

Greener Procurement

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

- weighting environmental impacts as part of its Evaluation Report checklist when procuring goods and services; and
- selecting vendors that disclose environmental practices.

The VBA has committed to always purchasing copy paper containing 100 per cent recycled content.

Additional Information Available on Request

In compliance with the requirements of the Standing Directions of the Minister for Finance, the VBA has retained details of the items listed below. This information is available on request, subject to the provisions of the *Freedom of Information Act 1982*. You may request information on the following items:

- a. A statement that declarations of pecuniary interests have been duly completed by all relevant officers.
- b. Details of shares held by a senior officer as a nominee or held beneficially in a statutory authority or subsidiary.
- c. Details of publications produced by the VBA about the VBA, and how these can be obtained.
- d. Details of changes in prices, fees, charges, rates and levies charged by the VBA.
- e. Details of any major external reviews carried out on the VBA.
- f. Details of major research and development activities undertaken by the VBA.
- g. Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.

- h. Details of major promotional, public relations and marketing activities undertaken by the VBA to develop community awareness of the organisation and our services.
- i. Details of assessments and measures undertaken to improve the occupational health and safety of staff.
- j. A general statement on industrial relations within the VBA, and details of time lost through industrial accidents and disputes.
- k. A list of major committees sponsored by the VBA, the purposes of each committee, and the extent to which their purposes have been achieved.
- l. Details of all consultancies and contractors, including:
 - consultants/contractors engaged;
 - services provided; and
 - expenditure committed to for each engagement.

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

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

DataVic Access Policy

In accordance with the Victorian Government's 2012 DataVic Access Policy, the VBA uploads eligible datasets to data.vic.gov.au.

In 2017–18, the VBA uploaded data on building permit levies and Security of Payment adjudication activity. For more information on the DataVic Access Policy, or to download the VBA's raw data, visit vba.vic.gov.au/data.

Information included in this Annual Report will also be available from data.vic.gov.au in an electronic readable format.

Financial Management Compliance Attestation Statement

I, Owen Donald, on behalf of the Responsible Body, certify that the Victorian Building Authority has complied with the applicable Standing Directions of the Minister for Finance under the *Financial Management Act 1994* and Instructions.



Dr Owen Donald
 Chief Commissioner
 Victorian Building Authority
 12 November 2018

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Charter and Purpose		
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The background of the page is a solid dark blue. Overlaid on this are several large, organic, light blue shapes that resemble stylized waves or abstract brushstrokes. These shapes are layered, with some appearing in front of others, creating a sense of depth. The shapes are primarily located in the upper and middle sections of the page.

Post balance date approval of the Financial Statements reflects VBA staff changes.

5

FINANCIAL STATEMENTS

Declaration in the Financial Statements

The attached financial statements for the Victorian Building Authority (VBA) have been prepared in accordance with Direction 5.2 of the Standing Directions of the 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 made during the year ended 30 June 2018 and the financial position of the VBA as at 30 June 2018.

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

We authorise the attached financial statements for issue on 22 August 2018.

Dr Owen Donald
Chief Commissioner
Victorian Building Authority
Melbourne
12 November 2018



Sue Eddy
Chief Executive Officer
Victorian Building Authority
Melbourne
9 November 2018



Maira Oates
Accountant
Victorian Building Authority
Melbourne
13 November 2018



Independent Auditor's Report

To the Board of the Victorian Building Authority

Opinion	<p>I have audited the financial report of the Victorian Building Authority (the authority) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2018 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • declaration in the financial statements. <p>In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2018 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the authority in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's
responsibilities
for the audit
of the financial
report**

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

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

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

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

MELBOURNE
19 November 2018



Paul Martin
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018		(\$ THOUSAND)	
	NOTES	2018	2017
Continuing operations			
Income from transactions			
Building levies, fees and fines	2.1	44,320	37,262
Plumbing fees and fines	2.2	18,172	17,752
Grant income	2.3	5,478	-
Interest income	2.4	735	782
Other income		323	282
Total income from transactions		69,028	56,078
Expenses from transactions			
Employee costs	3.1	43,808	36,897
Board and committee remuneration		864	949
Supplies and services	3.2	15,878	13,083
Payment of grant	3.3	1,053	1,053
Depreciation and amortisation	4.3	1,607	1,234
Total expenses from transactions		63,210	53,216
Net result from transactions (net operating balance)		5,818	2,862
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	8.1(a)	(1,304)	38
Net gain/(loss) on financial instruments	8.1(b)	(262)	(246)
Other gains/(losses) from other economic flows	8.1(c)	300	1,657
Total other economic flows included in net result		(1,266)	1,449
Net result from continuing operations		4,552	4,311
Other economic flows – other comprehensive income:			
Items that will not be classified to net result			
Changes in asset revaluation surplus	8.2	-	-
Total other economic flows – other comprehensive income		-	-
Comprehensive result		4,552	4,311

The accompanying notes form part of these financial statements.

Balance Sheet

AS AT 30 JUNE 2018		(\$ THOUSAND)	
	NOTES	2018	2017
Assets			
Financial assets			
Cash and deposits	6.3	31,692	40,834
Investments and other financial assets	6.4	14,300	-
Receivables	5.1	4,868	4,556
Total financial assets		50,860	45,390
Non-financial assets			
Property, plant and equipment	4.1	3,418	3,760
Intangible assets	4.2	4,620	4,877
Other non-financial assets		448	809
Total non-financial assets		8,486	9,446
Total assets		59,346	54,836
Liabilities			
Payables	5.2	9,225	9,672
Interest-bearing liabilities	6.1	96	128
Employee-related provisions	3.1.1	5,736	5,398
Other provisions	5.3	1,462	1,734
Security deposits	8.9	2,123	2,082
Other liabilities	5.4	2,200	1,870
Total liabilities		20,842	20,884
Net assets		38,504	33,952
Equity			
Accumulated surplus		23,828	19,276
Asset revaluation reserve	8.2	190	190
Contributed capital		14,486	14,486
Net worth		38,504	33,952

The accompanying notes form part of these financial statements.

Cash Flow Statement

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018		(\$ THOUSAND)	
	NOTES	2018	2017
Cash flows from operating activities			
Receipts			
Receipts from customers		62,033	54,766
Interest received		653	801
Receipts of security deposits		750	543
Receipt of Domestic Building Funds		249	8
Goods and Services Tax recovered from the ATO ¹		3,052	2,189
Grants received from the State Government		5,560	-
Total receipts		72,297	58,307
Payments			
Payments of grants		(1,053)	(1,053)
Refunds of security deposits		(710)	(488)
Payments to suppliers and employees		(63,031)	(52,885)
Total payments		(64,794)	(54,426)
Net cash flows from operating activities	6.3.1	7,503	3,881
Cash flows from investing activities			
Payments for property, plant and equipment		(656)	(612)
Proceeds from sale of property, plant and equipment		274	278
Payments for term deposits		(14,300)	-
Payments for intangible assets		(1,931)	(4,725)
Net cash flows from/(used in) investing activities		(16,613)	(5,059)
Cash flows from financing activities			
Payment of motor vehicle lease liability		(32)	(6)
Net cash flows from/(used in) financing activities		(32)	(6)
Net increase/(decrease) in cash and cash equivalents		(9,142)	(1,184)
Cash and cash equivalents at the beginning of the financial year		40,834	42,018
Cash and cash equivalents at the end of the financial year	6.3	31,692	40,834

The accompanying notes form part of these financial statements.

¹ Goods and Services Tax recovered from the ATO is presented on a net basis.

Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2018				(\$ THOUSAND)
	ASSET REVALUATION RESERVE	ACCUMULATED SURPLUS	CONTRIBUTED CAPITAL	TOTAL
Balance at 1 July 2016	190	14,965	14,486	29,641
Net result for the year	-	4,311	-	4,311
Net increase/(decrease) as a result of revaluation	-	-	-	-
Balance at 30 June 2017	190	19,276	14,486	33,952
Net result for the year	-	4,552	-	4,552
Net increase/(decrease) as a result of revaluation	-	-	-	-
Balance at 30 June 2018	190	23,828	14,486	38,504

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1. About this Report

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

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

Its principal address is:

Victorian Building Authority
Goods Shed North
733 Bourke Street
Docklands VIC 3008

An overview of the nature of the VBA's operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

Compliance Information

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

To gain a better understanding of the terminology used in these financial statements, a glossary of terms and style conventions can be found in Notes 8.11 and 8.12 respectively.

These annual financial statements were authorised for issue by the Victorian Building Authority's Chief Commissioner, Chief Executive Officer and Chief Finance Officer on behalf of the VBA Board on 22 August 2018.

Basis of Preparation

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

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.

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

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

These financial statements are presented in Australian dollars and are prepared in accordance with the historical cost convention, except for:

- Non-financial physical assets which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair value.

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

2. Funding Delivery of our Services

As Victoria's principal regulator for building and plumbing, the VBA regulates for a quality built environment in Victoria. The VBA contributes to public health, safety and amenity by overseeing compliance with regulations, legal requirements and professional standards, and by encouraging continuous improvement. We do so in the interests of consumers and industry participants for the benefit of all Victorians.

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

Structure

2.1 Building Levies, Fees and Fines

2.2 Plumbing Fees and Fines

2.3 Grant Income

2.4 Interest Income

2.1 Building Levies, Fees and Fines

	(\$ THOUSAND)	
	2018	2017
Building permit levy – General levy ¹	25,314	21,455
Building permit levy – BACV levy ²	12,247	10,408
Building practitioner registrations ³	4,858	3,509
Prosecutions and fines ⁴	1,139	1,094
Owner-builder certification fees ⁵	575	576
Modifications and appeals (BAB services) ⁶	187	220
Total building levies, fees and fines	44,320	37,262

¹ Building permit levy – General levy

Building permit levy receipts are brought to account in a building permit's month of issue. The General building permit levy is calculated based on 0.064 cents in every dollar of the cost of building work for which a building permit is sought.

² Building permit levy – BACV levy

The Building Advice and Conciliation Victoria (BACV) building permit levy is calculated based on 0.064 cents in every dollar of the cost of building work for which a building permit is sought and funds BACV functions established under the *Domestic Building Contracts (Conciliation and Dispute Resolution) Act 2002*. The amount disclosed represents the VBA's share of the BACV levy. Consumer Affairs Victoria is also legally entitled to a portion of the levy.

³ 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.

⁴ Prosecutions and fines

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

⁵ Owner-builder certification fees

Owner-builder certification fees are recognised upon receipt of the application for certification.

⁶ Modifications and appeals (Building Appeals Board Services)

Modifications and appeals are brought to account when earned.

2.2 Plumbing Fees and Fines

(\$ THOUSAND)		
	2018	2017
Plumbing compliance certificates ¹	12,529	12,301
Plumbing registration and licence fees ²	5,249	5,088
Plumbing examinations ³	342	315
Plumbing inspections ⁴	-	24
Prosecutions and enquiry fines ⁵	52	24
Total plumbing fees and fines	18,172	17,752

2.3 Grant Income

In June 2018, DELWP provided a grant of \$4.66 million to enable the VBA to conduct a statewide audit of buildings with combustible cladding and to increase its inspection and enforcement regime. The VBA also received a grant of \$0.82 million from the State Government to fund an audit of 'as built' energy efficiency ratings for residential buildings.

(\$ THOUSAND)		
	2018	2017
Statewide cladding audit	3,080	-
Inspections and enforcement	1,580	-
Energy efficiency audit	818	-
Total grant income	5,478	-

2.4 Interest Income

Interest income includes interest received on bank deposits and Treasury Corporation of Victoria (TCV) term deposits. It is recognised using the effective interest method.

(\$ THOUSAND)		
	2018	2017
Interest on bank deposits and investments	735	782
Total interest income	735	782

¹ Plumbing compliance certificates

Compliance Certificates, modifications and appeals and other income are brought to account when earned.

² Plumbing registration and licence fees

Plumbing registration fees receipted throughout the year correspond to a period of 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.

³ Plumbing examinations

Plumbing examination fees are brought to account when earned.

⁴ Plumbing inspections

Plumbing inspection fees are brought to account when earned.

⁵ Prosecutions

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

3. The Cost of Delivering Services

This section provides an account of the expenses incurred by the VBA as part of its service delivery. In note 2 of the Financial Statements, the funds that enable the provision of services were disclosed and, in this note, the costs associated with the provision of services are recorded.

Structure

3.1 Employee Costs

3.2 Supplies and Services

3.3 Payment of Grant

3.1 Employee Costs

(\$ THOUSAND)		
	NOTES	
Salaries and wages, annual leave and long service leave		
		2018
		2017
Salaries and wages, annual leave and long service leave		29,191
Salaries and wages, annual leave and long service leave		25,312
Superannuation expenses – defined contribution	3.1.2	2,365
Superannuation expenses – defined contribution		2,135
Superannuation expenses – defined benefit	3.1.2	58
Superannuation expenses – defined benefit		23
Fringe Benefits Tax		87
Fringe Benefits Tax		172
Staff-related expenses		1,288
Staff-related expenses		985
External staff expenses		10,819
External staff expenses		8,270
Total employee costs		43,808
Total employee costs		36,897

Staff-related expenses include all other costs related to employment not shown above, including leave entitlements, redundancy payments, WorkCover premiums and payroll tax.

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

3.1.1 Employee-related Provisions

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

	(\$ THOUSAND)	
	2018	2017
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	1,521	1,356
Unconditional and expected to settle after 12 months	602	451
Long service leave		
Unconditional and expected to settle within 12 months	275	302
Unconditional and expected to settle after 12 months	1,810	1,743
Provisions for on-costs		
Unconditional and expected to settle within 12 months	280	259
Unconditional and expected to settle after 12 months	384	334
Total current provisions	4,872	4,445
Non-current provisions		
Employee benefits	744	816
On-costs	120	137
Total non-current provisions	864	953
Total provisions	5,736	5,398

Reconciliation of Movement in On-cost Provision

	(\$ THOUSAND)
	2018
Opening balance	730
Additional provisions recognised	373
Additions due to transfer in	29
Reductions arising from removal of obligations	(19)
Reductions arising from payments/other sacrifices of future economic benefits	(341)
Unwind of discount and effect of changes in the discount rate	12
Closing balance	784

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

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

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

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

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

The components of the current LSL liability are measured at:

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

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL 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' in the net result.

3.1.2 Superannuation Contributions

Employees of the VBA are entitled to receive superannuation benefits through defined benefit¹ and defined contribution plans. Defined benefit plans provide benefits based on years of service and final average salary.

As noted above, the defined benefit liability is recognised by the DTF as an administered liability. However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of the VBA.

	(\$ THOUSAND)	
	2018	2017
Defined benefit plans:		
State Superannuation Fund	33	23
Defined contribution plans:		
VicSuper	1,231	1,138
Other	1,159	997
Total	2,423	2,158

¹ The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

3.2 Supplies and Services

	(\$ THOUSAND)	
	2018	2017
Accommodation and utilities	3,803	3,956
Payment to DELWP for building policy	1,449	1,436
Legal fees	2,347	1,260
Technical contractors (panels)	1,571	1,114
IT services and records management expenses	1,680	1,034
Consultants	1,625	1,090
General office expenses	1,120	1,000
Printing and stationery	881	998
Motor vehicles and travel expenses	493	548
Insurance premiums	267	267
Events, seminars and meetings	154	154
Minor assets	288	146
External audit fees	47	51
Internal audit fees	153	29
Total supplies and services	15,878	13,083

Accommodation and utilities includes operating lease payments, which are recognised on a straight-line basis over the lease term.

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 expenses 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 into a five-year lease on 1 December 2015 for Level 9, 737 Bourke Street, Docklands. The lease incentive and lease straight-lining for both 737 and 733 Bourke Street are recognised in the balance sheet as lease liabilities (refer to Note 5.4).

3.3 Payment of Grant

	(\$ THOUSAND)	
	2018	2017
Australian Building Codes Board	1,053	1,053
Total payment of grant	1,053	1,053

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

Grants can be paid as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Grant expenses are recognised in the reporting period in which they are paid or payable.

4. Key Assets Available to Support Output Delivery

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

Fair Value Measurement

Where the assets included in this section are carried at fair value, additional information is disclosed in Note 7.3 in connection with how those fair values were determined.

Structure

4.1 Property, Plant and Equipment

4.2 Intangible Assets

4.3 Depreciation and Amortisation

4.1 Property, Plant and Equipment

	(\$ THOUSAND)		
	GROSS CARRYING AMOUNT	ACCUMULATED DEPRECIATION	NET CARRYING AMOUNT
2018			
Land at fair value	838	-	838
Buildings at fair value	659	(46)	613
Plant, equipment and vehicles at fair value	6,365	(4,579)	1,785
Make-good asset	333	(152)	182
	8,195	(4,777)	3,418
2017			
Land at fair value	838	-	838
Buildings at fair value	659	(23)	636
Plant, equipment and vehicles at fair value	6,193	(4,119)	2,074
Make-good asset	333	(121)	212
	8,023	(4,263)	3,760

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

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The cost of a leasehold improvement is capitalised and depreciated over the shorter of the remaining term of the lease or its estimated useful life.

The initial cost of non-financial physical assets under a finance lease 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.

Subsequent measurement: PPE are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, and public announcements or commitments made in relation to the intended use of the asset) and is summarised below by asset category.

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by 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 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 an experienced fleet manager in the VBA, who sets relevant depreciation rates during use to reflect the utilisation of the vehicles.

Refer to Note 7.3 for additional information on fair value determination of PPE.

4.1.1 Reconciliation of Movements in Carrying Amount of Property, Plant and Equipment

	(\$ THOUSAND)				
	LAND AT FAIR VALUE	BUILDINGS AT FAIR VALUE	PLANT, EQUIPMENT AND MOTOR VEHICLES	MAKE-GOOD ASSET	TOTAL
2018					
Balance at the beginning of the year	838	636	2,074	212	3,760
Additions	-	-	654	-	654
Disposals	-	-	(270)	-	(270)
Impairments	-	-	(2)	-	(2)
Revaluations	-	-	-	-	-
Depreciation	-	(23)	(671)	(30)	(724)
Balance at the end of the year	838	613	1,785	182	3,418
2017					
Balance at the beginning of the year	838	659	2,553	242	4,292
Additions	-	-	694	-	694
Disposals	-	-	(317)	-	(317)
Impairments	-	-	(5)	-	(5)
Revaluations	-	-	-	-	-
Depreciation	-	(23)	(851)	(30)	(904)
Balance at the end of the year	838	636	2,074	212	3,760

Fair value assessments have been performed for all classes of assets in this purpose group and a decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2021.

4.2 Intangible Assets

	(\$ THOUSAND)	
	2018	2017
Net carrying amount		
Balance at the beginning of the year	4,877	483
Additions	1,930	4,725
Impairment losses charged to net result ¹	(1,304)	(1)
Depreciation of intangible produced assets ²	(883)	(330)
Balance at the end of the year	4,620	4,877

Initial Recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use; that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Subsequent Measurement

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

Impairment of Intangible Assets

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

¹ Impairment losses are included in the 'net gain/(loss) on non-financial assets' line item in the Comprehensive Operating Statement.

² The consumption of intangible produced assets is included in the 'depreciation' line item, where the consumption of the intangible non-produced assets is included in the 'net gain/(loss) on non-financial assets' line item in the Comprehensive Operating Statement.

4.3 Depreciation and Amortisation

	(\$ THOUSAND)	
	2018	2017
Buildings	23	23
Plant, equipment and vehicles	671	851
Intangibles	883	330
Make-good	30	30
Total depreciation and amortisation	1,607	1,234

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

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. Typical estimated useful lives for the different asset classes for current and prior years are as follows:

ASSET	USEFUL LIFE
Buildings	40 years
Motor vehicles – owned	5 years
Motor vehicles – leased through VicFleet	6 years
IT equipment	3 years
Office machines and equipment	10 years
Software and intangibles	3 to 7 years

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

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

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).

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

Impairment: Non-financial assets, including items of property, plant and equipment, are tested for impairment whenever there is an indication that the asset may be impaired.

The assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written off as an 'other economic flow', except to the extent that it can be debited to an asset revaluation surplus amount applicable to that class of asset.

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

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. The 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.

5. Other Assets and Liabilities

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

Structure

5.1 Receivables

5.2 Payables

5.3 Other Provisions

5.4 Other Liabilities

5.5 Maturity Analysis of Contractual Financial Liabilities and Other Liabilities

5.1 Receivables

	(\$ THOUSAND)	
	2018	2017
Contractual		
Plumbing inspections ¹	19	32
Other sundry receivables ¹	172	148
Provision for doubtful contractual receivables ²	(101)	(84)
Accrued investment income	247	165
Total contractual receivables	337	261
Statutory		
Building permit levy	3,143	2,865
Building Practitioners Board fines and costs	1,402	1,133
Sundry debtors – prosecutions	487	424
Provision for doubtful contractual receivables ²	(1,267)	(1,022)
GST input tax credits recoverable	766	895
Total statutory receivables	4,531	4,295
Total receivables	4,868	4,556
Represented by:		
Current receivables	4,868	4,556
Non-current receivables	-	-

¹ The average credit period for plumbing inspections and other sundry receivables is 30 days.

² The level of 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.

Contractual receivables comprise trade debtors relating to the provision of goods and services and accrued investment income. They are classified as financial instruments and categorised as 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 is not revisited after they are established.

Statutory receivables are amounts owing from fines, regulatory fees and GST input tax credits recoverable. They 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.

Movement in the Provision for Doubtful Debts

	(\$ THOUSAND)	
	2018	2017
Balance at the beginning of the year	(1,106)	(860)
Increase in the provision recognised in the net result	(262)	(246)
Balance at the end of the year	(1,368)	(1,106)

Doubtful debts: Receivables are assessed for bad and doubtful debts on a regular basis. A provision for doubtful debts is recognised when there is objective evidence that such debts may not be collected, while bad debts are written off when identified. 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.

A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. The increase in the provision for the year is recognised in the net result.

Bad debts considered written off by mutual consent are classified as a transaction expense. Bad debts not written off, but included in the provision for doubtful debts, are classified as other economic flows in the net result.

Ageing Analysis of Contractual Financial Assets

(\$ THOUSAND)							
	PAST DUE BUT NOT IMPAIRED						
	CARRYING AMOUNT	NOT OVERDUE AND NOT IMPAIRED	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS	IMPAIRED
2018							
Sale of goods and services ¹	337	222	-	19	26	70	(101)
Total	337	222	-	19	26	70	(101)
2017							
Sale of goods and services ¹	261	140	-	12	42	67	(84)
Total	261	140	-	12	42	67	(84)

No interest is charged for the first 30 days and thereafter from the invoice date. The average credit period for sales of goods/services and for other receivables is 30 days. There are no material financial assets that are individually determined to be impaired. Currently, the VBA does not hold any collateral as security, nor does it hold credit enhancements relating to any of its financial assets.

No financial assets have had their terms renegotiated to prevent them from being overdue or impaired, and these are stated at the carrying amounts as indicated.

¹ The amount of receivables disclosed here excludes statutory receivables (i.e. amounts owing from Statutory Levies).

5.2 Payables

	(\$ THOUSAND)	
	2018	2017
Contractual		
Supplies and services	3,933	3,192
Deferred revenue	5,171	5,776
Other payables	-	554
Total contractual payables	9,104	9,522
Statutory		
Fringe Benefits Tax payable	-	46
Other taxes payable	121	104
Total statutory payables	121	150
Total payables	9,225	9,672
Represented by:		
Current payables	8,252	8,704
Non-current payables	973	968

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

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

Payables for supplies and services have an average credit period of 30 days. No interest is charged on the 'other payables' for the first 30 days and thereafter from the date of the invoice.

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

Deferred Revenue

Building practitioner registration fees

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.

Plumbing registration and licence fees

Plumbing registration fees receipted throughout the year correspond to a period of three years from the date paid. Fees relating to 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 relating to the subsequent year are recognised at year-end as deferred revenue.

5.3 Other Provisions

	(\$ THOUSAND)	
	2018	2017
Current provisions		
Building Advice and Conciliation Victoria (BACV) provision	-	210
Executive bonus provision	-	79
Onerous contracts	830	830
Total current other provisions	830	1,119
Non-current provisions		
Make-good provision	632	615
Total non-current other provisions	632	615
Total other provisions	1,462	1,734

Other provisions are recognised when the VBA has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation.

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

BACV Provision

The BACV provision is the estimated net present value of future costs to service disputes relating to past building permits. Disputes are eligible to be lodged up to 10 years after the permit levy is received.

Prior to the introduction of the *Building Legislation Amendment (Consumer Protection) Act 2016*, the VBA had a legal obligation to conduct inspections as part of the domestic building dispute resolution function. From 1 July 2017, this function ceased to exist and was replaced by the Domestic Building Dispute Resolution process run by Consumer Affairs Victoria.

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. Under AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the VBA recognised this liability at the commencement of the lease, rather than at the end of the lease when the work is done. It is at commencement that partitioning or other fit-out changes to the floor and ceiling necessitated the make-good costs being incurred.

Onerous Contracts

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

Reconciliation of Movements in Other Provisions

	(\$ THOUSAND)			
	MAKE-GOOD	BACV	ONEROUS CONTRACTS	TOTAL
2018				
Opening balance	615	210	830	1,655
Additional provisions recognised	17	-	-	17
Reductions arising from removal of obligation	-	(210)	-	(210)
Closing balance	632	-	830	1,462
Current	-	-	830	830
Non-current	632	-	-	632
Total other provisions	632	-	830	1,462

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.

5.4 Other Liabilities

	(\$ THOUSAND)	
	2018	2017
Domestic Building List	637	208
HIH clearing	8	6
BACV clearing	1,139	995
Lease Incentive/Straight-lining	407	652
Unclaimed monies	9	9
Total other liabilities	2,200	1,870

5.5 Maturity Analysis of Contractual Financial Liabilities and Other Liabilities¹

(\$ THOUSAND)						
	MATURITY DATES					
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS
2018						
Payables²						
Supplies and services	3,933	3,933	3,898	35	-	-
Security deposits ³	2,123	2,123	-	-	-	2,123
Amounts payable to government and agencies	1,793	1,793	1,793	-	-	-
Total	7,849	7,849	5,691	35	-	2,123
2017						
Payables²						
Supplies and services	3,746	3,746	3,584	143	19	-
Security deposits ³	2,082	2,082	-	-	-	2,082
Amounts payable to government and agencies	1,218	1,218	1,218	-	-	-
Total	7,046	7,046	4,802	143	19	2,082

¹ Maturity analysis is presented using the contractual undiscounted cash flows.

² The carrying amounts disclosed exclude statutory amounts (e.g. GST payables).

³ Security deposits are bonds paid by consumers for relocatable homes. Building permits lapse after two years, so it is expected that deposits are refunded within the two-year period. However, building permits can be extended for completion of work, and there are instances of work taking an extended period of time to reach completion.

6. How we Financed our Operations

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

This section includes disclosures of balances that are financial instruments (such as interest-bearing liabilities and cash balances). Notes 7.1 and 7.3 provide additional, specific financial instrument disclosures.

Structure

6.1 Interest-bearing Liabilities

6.2 Finance Lease Liabilities (VBA as Lessee)

6.3 Cash and Deposits

6.4 Investments and Other Financial Assets

6.5 Commitments for Expenditure

6.1 Interest-bearing Liabilities

(\$ THOUSAND)		
	2018	2017
Current interest-bearing liabilities		
Finance lease liabilities ¹		
- Non-PPP-related finance lease liabilities (motor vehicles)	58	26
Total current interest-bearing liabilities	58	26
Non-current interest-bearing liabilities		
Finance lease liabilities ¹		
- Non-PPP-related finance lease liabilities (motor vehicles)	38	102
Total non-current interest-bearing liabilities	38	102
Total interest-bearing liabilities	96	128

Finance leases are classified as financial instruments. All interest-bearing finance leases 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'. 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.

¹ 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 6.2 Finance Lease Liabilities (VBA as Lessee) for further information.

Maturity Analysis of Interest-bearing Liabilities

(\$ THOUSAND)						
MATURITY DATES						
	CARRYING AMOUNT	NOMINAL AMOUNT	LESS THAN 1 MONTH	1 TO 3 MONTHS	3 MONTHS TO 1 YEAR	1 TO 5 YEARS
2018						
Finance lease liabilities	96	100	29	7	44	20
Total	96	100	29	7	44	20
2017						
Finance lease liabilities	128	135	2	7	20	106
Total	128	135	2	7	20	106

6.2 Finance Lease Liabilities (VBA as Lessee)

(\$ THOUSAND)		
	MINIMUM FUTURE LEASE PAYMENTS ¹	PRESENT VALUE OF MINIMUM FUTURE LEASE PAYMENTS ¹
	2018	2017
Non-cancellable finance leases		
Not longer than one year	63	29
Longer than one year but not longer than five years	39	106
Longer than five years	-	-
Minimum future lease payments ¹	102	135
Less future interest charges	(6)	(7)
Present value of minimum lease payments	96	128

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 agreement 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 substantially transfer 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.

¹ Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

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.

6.3 Cash and Deposits

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

	(\$ THOUSAND)	
	2018	2017
Total cash and deposits disclosed in Balance Sheet	31,692	40,834
Total cash and deposits	31,692	40,834

6.3.1 Reconciliation of Net Result for the Period to Cash Flow from Operating Activities ¹

	(\$ THOUSAND)	
	2018	2017
Net result for the year	4,552	4,311
Non-cash movements		
Impairment of intangibles	1,319	6
Depreciation and amortisation of non-current assets	1,607	1,234
Net gain/(loss) on disposal of property, plant and equipment	(15)	(44)
Other gains/(losses) from other economic flows	(300)	(1,657)
Provision for doubtful debts	262	246
Movements in assets and liabilities		
(Increase)/decrease in receivables	(312)	(441)
(Increase)/decrease in prepayments	360	(524)
Increase/(decrease) in deferred revenue	(605)	185
Increase/(decrease) in payables	531	503
Increase/(decrease) in provisions	104	62
Net cash flows from operating activities	7,503	3,881

¹ Receipts and refunds of security deposits are disclosed in "cash flows from operating activities". In 2017, these transactions were included in "cash flows from financing activities".

6.4 Investments and Other Financial Assets

	(\$ THOUSAND)	
	2018	2017
Term deposits ¹	14,300	-
Total investments and other financial assets	14,300	-

6.5 Commitments for Expenditure

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

	(\$ THOUSAND)	
NOMINAL VALUES	2018	2017
Operating and lease commitments payable		
Less than one year	2,367	2,694
Longer than one year but not longer than five years	9,198	9,551
Five years or more	2,989	5,003
Total commitments (inclusive of GST)	14,554	17,248
Less GST recoverable from the Australian Taxation Office	1,323	1,568
Total commitments (exclusive of GST)	13,231	15,680

Operating lease commitments noted above relate to the VBA's accommodation in the Goods Shed North building, 733 Bourke Street, Docklands, and Level 9, 737 Bourke Street, Docklands.

¹ Term deposits under the "Investments and Other Financial Assets" class only include Australian dollar term deposits with maturity greater than 90 days.

7. Risks, Contingencies and Valuation Judgements

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

The VBA is also exposed to operational risks, details of which can be found in the Report of Operations.

Structure

- 7.1 Financial Instruments Specific Disclosures
- 7.2 Contingent Assets and Contingent Liabilities
- 7.3 Fair Value Determination

7.1 Financial Instruments Specific Disclosures

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

Categories of Financial Instruments

Receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, receivables are measured at amortised cost using the effective interest method (and, for assets, less any impairment). The VBA recognises the following assets in this category:

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

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and

the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The VBA recognises the following liabilities in this category:

- payables (excluding statutory payables);
- interest-bearing liabilities (including finance lease liabilities); and
- security deposits.

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

- the rights to receive cash flows from the asset have expired; or
- the VBA retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the VBA has transferred its rights to receive cash flows from the asset and has either:
 - (a) transferred substantially all the risks and rewards of the asset; or
 - (b) 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, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. 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.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as 'other economic flow' in the Comprehensive Operating Statement.

7.1.1 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, financial liability and equity instrument above, are disclosed in Note 7.3.

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

The VBA's main financial risk is 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 as follows:

Financial Instruments: Categorisation

			(\$ THOUSAND)
	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2018			
Contractual financial assets			
Cash and deposits	31,692	-	31,692
Receivables ¹	337	-	337
Term deposits	14,300	-	14,300
Total contractual financial assets	46,329	-	46,329
Contractual financial liabilities			
Payables	-	3,933	3,933
Amounts payable to government and agencies	-	1,793	1,793
Interest-bearing liabilities	-	96	96
Security deposits	-	2,123	2,123
Total contractual financial liabilities	-	7,945	7,945

¹ The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from statutory levies, GST input tax credit recoverables and taxes payable).

			(\$ THOUSAND)
	CONTRACTUAL FINANCIAL ASSETS – LOANS AND RECEIVABLES	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
2017			
Contractual financial assets			
Cash and deposits	40,834	-	40,834
Receivables ¹	261	-	261
Term deposits	-	-	-
Total contractual financial assets	41,095	-	41,095
Contractual financial liabilities			
Payables	-	3,746	3,746
Amounts payable to government and agencies	-	1,218	1,218
Interest-bearing liabilities	-	128	128
Security deposits	-	2,082	2,082
Total contractual financial liabilities	-	7,174	7,174

7.1.2 Financial Instruments – Net Holding Gain/(Loss) on Financial Instruments by Category

							(\$ THOUSAND)
	NET HOLDING GAIN/(LOSS)		TOTAL INTEREST INCOME/(EXPENSE)		TOTAL		
	2018	2017	2018	2017	2018	2017	
Contractual financial assets							
Cash and deposits	-	-	70	78	70	78	
Term deposits	-	-	665	704	665	704	
Impairment of receivables ²	(262)	(246)	-	-	(262)	(246)	
Total contractual financial assets	(262)	(246)	735	782	473	536	
Contractual financial liabilities							
Interest-bearing liabilities	-	-	3	(6)	3	(6)	
Total contractual financial liabilities	-	-	3	(6)	3	(6)	

¹ The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from statutory levies, GST input tax credit recoverables and taxes payable).

² Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

Financial Instruments – Credit Risk

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

The credit risk on financial assets of the VBA, which 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 taking account of 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. As at the reporting date, there is no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated.

Credit Quality of Contractual Financial Assets that are neither Past Due nor Impaired

	(\$ THOUSAND)			
2018	FINANCIAL INSTITUTIONS (AA CREDIT RATING)	GOVERNMENT AGENCIES (AAA CREDIT RATING)	OTHER	TOTAL
Cash and deposits	2,845	28,845	2	31,692
Receivables ¹	-	-	337	337
Investments and other financial assets	2,000	12,300	-	14,300
Total contractual financial assets	4,845	41,145	339	46,329
2017				
Cash and deposits	3,687	37,145	2	40,834
Receivables ¹	-	-	261	261
Investments and other financial assets	-	-	-	-
Total contractual financial assets	3,687	37,145	263	41,095

¹ Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

Financial Instruments – 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 its significant cash investments.

Financial Instruments – Market Risk

The VBA's exposure to market risk is primarily through interest rate risk. Exposure to interest rate risk is insignificant and might arise primarily through the VBA's cash and cash equivalents and other financial assets. Minimisation of risk is achieved by mainly 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 disclosed under the Interest Rate Exposure of Financial Instruments table on the next page.

Interest Rate Risk

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

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

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

The carrying amounts of financial assets and financial liabilities that are exposed to interest rates and the VBA's sensitivity to interest rate risk are set out on the following two pages.

Interest Rate Exposure of Financial Instruments

(\$ THOUSAND)					
INTEREST RATE EXPOSURE					
2018	WEIGHTED AVERAGE INTEREST RATE	CARRYING AMOUNT	FIXED INTEREST RATE	VARIABLE INTEREST RATE	NON-INTEREST BEARING
Financial assets					
Cash and deposits	1.75%	31,692	-	31,692	-
Receivables ¹	-	337	-	-	337
Term deposits	-	14,300	14,300	-	-
Total financial assets		46,329	14,300	31,692	337
Financial liabilities					
Payables:					
Supplies and services	-	3,933	-	-	3,933
Amounts payable to government and agencies	-	1,793	-	-	1,793
Security deposits	-	2,123	-	-	2,123
Interest-bearing liabilities:					
Finance lease liabilities	2.48%	96	96	-	-
Total financial liabilities		7,945	96	-	7,849
2017					
Financial assets					
Cash and deposits	1.98%	40,834	-	40,834	-
Receivables ¹	-	261	-	-	261
Term deposits	-	-	-	-	-
Total financial assets		41,095	-	40,834	261
Financial liabilities					
Payables:					
Supplies and services	-	3,746	-	-	3,746
Amounts payable to government and agencies	-	1,218	-	-	1,218
Security deposits	-	2,082	-	-	2,082
Interest-bearing liabilities:					
Finance lease liabilities	2.45%	128	128	-	-
Total financial liabilities		7,174	128	-	7,046

¹ Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities.

Interest Risk Sensitivity

(\$ THOUSAND)			
2018	INTEREST RATE		
		-100 BASIS POINTS	+100 BASIS POINTS
	CARRYING AMOUNT	NET RESULT	NET RESULT
Contractual financial assets			
Cash and deposits	31,692	(317)	317
Total impact		(317)	317
2017			
Contractual financial assets			
Cash and deposits	40,834	(408)	408
Total impact		(408)	408

7.2 Contingent Assets and Contingent Liabilities

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

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

Contingent Assets

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

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

Contingent Liabilities

Contingent liabilities are:

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

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

Unquantifiable Contingencies

During the financial year, the VBA lost a case in the Federal Court. The case is under appeal and the liability, if any, cannot be quantified until the matter is settled.

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

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

7.3 Fair Value Determination

Significant judgement: fair value measurements of assets and liabilities.

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

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

The following assets and liabilities are carried at fair value:

- financial assets and liabilities at fair value through operating result; and
- land, buildings, infrastructure, plant and equipment.

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

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

Fair Value Hierarchy

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

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

- Level 3 – valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

The VBA determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 is the VBA's independent valuation agency. The VBA monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

7.3.1 Fair Value Determination of Financial Assets and Liabilities

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

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

The VBA currently holds a range of financial instruments 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 2017–18 reporting period. These financial instruments are recorded in the Financial Statements.

These financial instruments include:

FINANCIAL ASSETS	FINANCIAL LIABILITIES
Cash and deposits	Payables
Receivables	Supplies and services
Term deposits	Amounts payable to government and agencies
	Interest-bearing liabilities
	Security deposits

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

7.3.2 Fair Value Determination: Non-financial Physical Assets Fair Value Measurement Hierarchy

		(\$ THOUSAND)		
	CARRYING AMOUNT AS AT:	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	30 JUNE 2018	LEVEL 1 ¹	LEVEL 2 ¹	LEVEL 3 ¹
Land at fair value				
Non-specialised land	838	-	838	-
Total of land at fair value	838	-	838	-
Buildings at fair value				
Non-specialised buildings	613	-	613	-
Total of buildings at fair value	613	-	613	-
Plant, equipment and vehicles at fair value				
Vehicles	1,037	-	-	1,037
Plant and equipment	748	-	-	748
Total plant, equipment and vehicles at fair value	1,785	-	-	1,785
Make-good asset	182	-	-	182
Total of make-good asset	182	-	-	182

¹ Classified in accordance with the fair value hierarchy.

(\$ THOUSAND)				
	CARRYING AMOUNT AS AT:	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	30 JUNE 2017	LEVEL 1 ¹	LEVEL 2 ¹	LEVEL 3 ¹
Land at fair value				
Non-specialised land	838	-	838	-
Total of land at fair value	838	-	838	-
Buildings at fair value				
Non-specialised buildings	636	-	636	-
Total of buildings at fair value	636	-	636	-
Plant, equipment and vehicles at fair value				
Vehicles	837	-	-	837
Plant and equipment	1,237	-	-	1,237
Total plant, equipment and vehicles at fair value	2,074	-	-	2,074
Make-good asset	212	-	-	212
Total of make-good asset	212	-	-	212

There have been no transfers between levels during the reporting period.

¹ Classified in accordance with the fair value hierarchy.

Reconciliation of Level 3 Fair Value Movements

(\$ THOUSAND)			
2018	PLANT AND EQUIPMENT	VEHICLES	MAKE-GOOD ASSET
Opening balance	837	1,237	212
Transfers in/(out) of Level 3			
Purchases/(sales)	239	143	-
Depreciation	(328)	(343)	(30)
Impairment loss	-	-	-
Closing balance	748	1,037	182
2017			
Opening balance	1,102	1,451	242
Transfers in/(out) of Level 3			
Purchases/(sales)	227	150	-
Depreciation	(487)	(364)	(30)
Impairment loss	(5)	-	-
Closing balance	837	1,237	212

Description of Significant Unobservable Inputs to Level 3 Valuations

2018 AND 2017	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

Significant unobservable inputs have remained unchanged since June 2017.

8. Other Disclosures

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

Structure

- 8.1 Other Economic Flows Included in Net Result
- 8.2 Reserves
- 8.3 Responsible Persons
- 8.4 Remuneration of Executives
- 8.5 Related Parties
- 8.6 Remuneration of Auditors
- 8.7 Subsequent Events
- 8.8 Australian Accounting Standards Issued that are not yet Effective
- 8.9 Security Deposits
- 8.10 Other Non-financial Assets
- 8.11 Glossary of Technical Terms
- 8.12 Style Conventions

8.1 Other Economic Flows Included in Net Result

- (a) Net gain/(loss) on non-financial assets includes unrealised and realised gains/(losses) from revaluations, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.
- (b) Net gain/(loss) on financial instruments includes bad and doubtful debts from other economic flows, unrealised and realised gains/(losses) from revaluations, impairments and reversals of impairment, and gains/(losses) from disposal of financial instruments, except when these are taken through the financial assets available for sale revaluation surplus.
- (c) 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 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.

	(\$ THOUSAND)	
	2018	2017
(a) Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	15	44
Impairment of property, plant and equipment intangible assets ¹	(1,319)	(6)
Total net gain/(loss) on non-financial assets	(1,304)	38
(b) Net gain/(loss) on financial instruments		
Impairment of receivables ²	(262)	(246)
Total net gain/(loss) on financial instruments	(262)	(246)
(c) Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of the long service leave liability ³	90	302
Net gain/(loss) arising from revaluation of the BACV provision ⁴	210	1,381
Net gain/(loss) arising from onerous contracts	-	(26)
Total other gains/(losses) from other economic flows	300	1,657

8.2 Reserves

	(\$ THOUSAND)	
	2018	2017
Asset revaluation surplus ⁵		
Balance at the beginning of the financial year	190	190
Revaluation increments/(decrements)	-	-
Balance at the end of the financial year	190	190
Net change in reserves	-	-

¹ Impairments were the revaluation of property, plant and equipment in accordance with the requirement to assess value.

² Including (increase)/decrease in provision for doubtful debts from other economic flows – refer to Note 5.1.

³ Revaluation gain/(loss) due to changes in bond rates.

⁴ Revaluation gain/(loss) due to the introduction of the *Building Legislation Amendment (Consumer Protection) Act 2016* and abolition of the BACV function.

⁵ The asset revaluation reserve arises on the revaluation of infrastructure, land and buildings. The land and buildings owned by the VBA were revalued in 2015–16.

8.3 Responsible Persons

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

Minister

The Honourable Richard Wynne (MLC), Minister for Planning 1 July 2017 to 30 June 2018

Governing Board

Dr Owen Donald, Chief Commissioner	1 July 2017 to 30 June 2018
Justin Madden AM, Deputy Chief Commissioner	1 July 2017 to 30 June 2018
Brian Welch, Commissioner	1 July 2017 to 30 June 2018
Dr Lynne Williams AM, Commissioner	1 July 2017 to 30 June 2018
Yvonne von Hartel AM, Commissioner	1 July 2017 to 30 June 2018
Kelly Humphreys, Commissioner	1 July 2017 to 30 June 2018
Anne Barker, Commissioner	1 July 2017 to 30 June 2018
Carmel Coate, Commissioner	22 November 2017 to 30 June 2018

Accountable Officer

Prue Digby, CEO and Accountable Officer	1 July 2017 to 20 October 2017
Sue Eddy, CEO and Accountable Officer	6 November 2017 to 30 June 2018

Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2018. The number of Responsible Persons, excluding the Minister, whose total remuneration in connection with the affairs of the VBA as shown in the following bands, was:

Income Band (\$)	2018 No.	2017 No.
10,000 – 19,999	1	1
20,000 – 29,999	-	2
30,000 – 39,999	6	4
50,000 – 59,999	-	1
70,000 – 79,999	1	-
200,000 – 299,999	1	-
300,000 – 399,999	1	-
410,000 – 419,000	-	1
Total number of Responsible Persons	10	9
		(\$ THOUSAND)
Total remuneration received, or due and receivable by Responsible Persons from VBA services for the financial period	979	692

8.4 Remuneration of Executive Officers

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

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

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

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

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

	(\$ THOUSAND)	
Remuneration of Executive Officers (including Key Management Personnel disclosed in Note 8.5)	2018	2017 ¹
Short-term employee benefits	2,023	1,488
Post-employment benefits	178	121
Other long-term benefits	48	31
Termination benefits	254	-
Total remuneration ¹	2,503	1,640
Total number of Executive Officers	21	12
Total annualised employee equivalents ²	14	8

¹ The total number of Executive Officers includes persons who meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are also reported within the related parties note (8.5) disclosure below.

² Annualised employee equivalent is based on the time fraction worked over the reporting period. Figures represent current Executive Officers as at 30 June 2018.

8.5 Related Parties

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

Related parties of the VBA include:

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

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

Significant transactions with government-related entities

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

The VBA received grants from the Department of Environment, Land, Water and Planning for \$5.5 million (2017: nil) and interest from the Treasury Corporation of Victoria for \$0.7 million (2017: \$0.7 million).

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

	(\$ THOUSAND)	
Government-related entities	2018	2017 ¹
Consumer Affairs Victoria ¹	13,887	13,364
Department of Environment, Land, Water and Planning ²	802	1,688
Other departments and agencies ³	1,421	1,553
Total aggregate transactions	16,110	16,605

¹ This represents Consumer Affairs Victoria's share of the building levy and domestic building practitioner registration fees.

² Supports the policy function of the Department and other miscellaneous services.

³ For the provision of goods and/or services.

Key management personnel (KMP) of the VBA include Responsible Persons as outlined in Note 8.3 and Directors of the VBA as indicated below.

Organisational Structure Effective from 1 July 2017 to 29 June 2018	From	To
Jeff Gilmore, Director, Licensing and Registration	1 July 2017	29 June 2018
Murray Smith, Director, Enquiries, Inspections and Complaints	1 July 2017	14 June 2018
Peter Cairnes, Director, Enquiries, Inspections and Complaints	7 February 2018	29 June 2018
Amanda Stevens, Director, Strategy and Performance	1 July 2017	13 April 2018
Joseph Genco, Director, Technical and Regulation	1 July 2017	13 April 2018
John Gardiner, Director, Technical and Regulation	9 April 2018	29 June 2018
Matthew Vincent, Head, Statewide Cladding Audit	26 February 2018	29 June 2018
Kylie Mackinnon, Acting Director, Corporate Services	1 July 2017	24 November 2017
Mark Rossiter, Chief Corporate and Regulatory Strategy Officer	27 November 2017	29 June 2018
Dean Miller, Chief Finance Officer	10 May 2018	29 June 2018
Kate Despot, Director, Compliance, Enforcement and Legal Services	1 July 2017	29 June 2018
Dean Bozinowski, Acting Director, Compliance, Enforcement and Legal Services	4 June 2018	29 June 2018
Stephen Mumford, Director, Continuous Improvement	12 February 2018	29 June 2018
John Thompson, Director, Communications and Stakeholder Engagement	3 April 2018	29 June 2018

Organisational Structure Effective from 30 June 2018

Mark Rossiter, Executive Director, Operations	30 June 2018	30 June 2018
Matthew Vincent, Executive Director, Corporate Governance and Major Projects	30 June 2018	30 June 2018
Karen Wild, Director, People and Capability	30 June 2018	30 June 2018
Dean Miller, Chief Finance Officer	30 June 2018	30 June 2018
Dean Bozinowski, Acting Director, Compliance, Enforcement and Legal Services	30 June 2018	30 June 2018
Kate Despot, Director, Research and Review	30 June 2018	30 June 2018
John Thompson, Director, Communications and Stakeholder Engagement	30 June 2018	30 June 2018
Ronja Laugallies, General Counsel	30 June 2018	30 June 2018

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

	(\$ THOUSAND)	
Compensation of KMP	2018	2017
Short-term employee benefits	2,718	2,153
Post-employment benefits	225	168
Other long-term benefits	57	40
Termination benefits	482	-
Total	3,482	2,361

Transactions and Balances with Key Management Personnel and Other Related Parties

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

Related party transactions with the members of VBA Key Management Personnel (KMP) and their related parties, which occurred during the normal course of business, apart from remuneration of KMPs, are disclosed below.

In 2016–17, the VBA obtained services from a law firm linked to the spouse of a VBA director. The director was not involved in the procurement selection process and services were also procured via the State Government legal services panel. The legal services were billed on normal market rates for such services and were due and paid under normal payment terms. The total value of services rendered during the 2017–18 financial year was nil (2017: \$0.26 million).

The VBA has prepared the related party disclosures for the year based on reasonable enquiries made by management in relation to the Portfolio Minister and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions.

8.6 Remuneration of Auditors

	(\$ THOUSAND)	
	2018	2017
Victorian Auditor-General's Office		
Audit or review of the Financial Statements	47	51
Total remuneration of auditors	47	51

8.7 Subsequent Events

The VBA had no subsequent events to report within the 2017–18 financial year.

8.8 Australian Accounting Standards Issued that are not yet Effective

The following AAS become effective for reporting periods commencing after the operative dates stated: Certain new Australian Accounting Standards have been published, which are not mandatory for the 30 June 2018 reporting period. DTF assesses the impact of all these new standards and advises the VBA of their applicability and early adoption where applicable. Please refer to Appendix 1 for a detailed list of AAS issued, but not yet effective for the 2017–18 reporting period.

8.9 Security Deposits

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

8.10 Other Non-financial Assets

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

8.11 Glossary of Technical Terms

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'.

Interest-bearing liabilities

Interest-bearing liabilities may consist of public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest bearing arrangements.

Commitments

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

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of the 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 the amortised cost 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 instruments 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 benefit 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:

- to deliver cash or another financial asset to another entity; or
- to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity; or

(b) a contract that will or may be settled in the entity's own equity instruments and is:

- a non-derivative for which the entity is or may be obliged to 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. For this purpose, the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

(a) a balance sheet as at the end of the period;

(b) a comprehensive operating statement for the period;

(c) a statement of changes in equity for the period;

(d) a cash flow statement for the period;

(e) notes, comprising a summary of significant accounting policies and other explanatory information;

(f) comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and

(g) a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraph 41 of AASB 101.

General government sector

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

Infrastructure systems

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

Intangible produced assets

Refer to produced assets in this glossary.

Interest-bearing liabilities

Interest-bearing liabilities may consist of public borrowings raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements.

Interest expense

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

Interest income

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

Net result from transactions or 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 – 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, and 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 the net result as required or permitted by other Australian Accounting Standards.

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

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

Payables

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

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 marketplace 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

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.

8.12 Style Conventions

Figures in the tables and in the text have been rounded. Discrepancies in tables between totals and sums of components reflect rounding. Percentage variations in all tables are based on the underlying unrounded amounts.

Appendix 1 – Australian Accounting Standards Issued that are not yet Effective

STANDARD/ INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON VBA'S FINANCIAL STATEMENTS
<i>AASB 9 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	No significant impacts are expected.
<i>AASB 15 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	This may result in changes to the timing and amount of revenue recorded in the financial statements. This standard will apply to the VBA in 2019-20 as discussed in AASB 2016-7 below.
<i>AASB 16 Leases</i>	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on the balance sheet.	1 January 2019	Operating leases, such as building accommodation, will be reported in the balance sheet. We expect assets and liabilities to increase with no change in net assets.
<i>AASB 1058 Income of Not-for-profit entities</i>	This standard will supersede AASB 1004 Contributions and establishes principles for transactions that are not within scope of AASB 15 Revenue from Contracts with Customers, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives.	1 January 2019	No significant impacts are expected.
<i>AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]</i>	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 January 2018	No significant impacts are expected.
<i>AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9</i>	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1 January 2018	No significant impacts are expected.
<i>AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15</i>	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: · the entity's right to receive payment of the dividend is established; · it is probable that the economic benefits associated with the dividend will flow to the entity; and · the amount can be measured reliably.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	No significant impacts are expected except for the impacts disclosed for AASB 15 above.

<i>AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15</i>	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 January 2018	No significant impacts are expected except for the impacts disclosed for AASB 15 above.
<i>AASB 2016-3 Amendments to Australian Accounting Standards – Clarifications to AASB 15</i>	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: <ul style="list-style-type: none"> • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access). 	1 January 2018	No significant impacts are expected except for the impacts disclosed for AASB 15 above.
<i>AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities</i>	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1 January 2019	VBA is a NFP entity, therefore AASB15 applies in the 2019-20 financial year.
<i>AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities</i>	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: <ul style="list-style-type: none"> • require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and • clarifies circumstances when a contract with a customer is within the scope of AASB 15. 	1 January 2019	No significant impacts are expected other than the impacts identified for AASB 9 and AASB 15 above.
<i>AASB 1058 Income of Not-for-Profit Entities</i>	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1 January 2019	No significant impacts are expected.
<i>AASB 1059 Service Concession Arrangements: Grantor</i>	This standard prescribes the accounting treatment of Public Private Partnership (PPP) arrangements involving a private sector operator providing public services related to a service concession asset on behalf of the State, for a specified period of time. For social infrastructure PPP arrangements, this would result in an earlier recognition of financial liabilities progressively over the construction period rather than at completion date.	1 January 2019	No significant impacts are expected.

<i>AASB 17 Insurance Contracts</i>	This standard eliminates inconsistencies and weaknesses in practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contracts that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.	1 January 2021	No significant impacts are expected.
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APPENDICES

The VBA supports the work of the boards, councils and committees appointed by the Minister for Planning. The Building Appeals Board, the Building Advisory Council, the Plumbing Advisory Council and the Building Regulations Advisory 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 in this report and by the Victorian Public Sector Commissioner at publicboards.vic.gov.au.

Building Appeals Board

The Building Appeals Board (BAB) is an independent statutory body established under section 166(1) of the *Building Act 1993* (the Act). The BAB is required under section 161 of the Act to consider and determine any matter referred, or any application made, to it under the Act or any other act.

The BAB is empowered to consider and determine matters including:

- appeals in relation to building permits and occupancy permits;
- disputes about matters relating to inspections, emergency protection work, insurance, surveys, the building permit levy, disputes between adjoining owners, the application and effect of building regulations, and the construction of party walls;
- applications for compensation regarding the conduct of protection work;
- the modification of an application of the Building Regulations; and
- compliance of a building design or element with the Act and/or the Building Regulations.

The VBA provides staff to support the administrative functions of the BAB. Members are appointed on the Minister for Planning's recommendation.

BAB Five-year Regulatory Information

The following information provides an overview of the operations of the BAB.

Building Appeals Board Performance

	2017-18	2016-17	2015-16	2014-15	2013-14
Modifications heard	768	1041	1014	1913	1094
Appeals and disputes heard	301	249	181	207	331

BAB Panel Attendance 2017–18

		ATTENDED	ROSTERED	PERCENTAGE ¹
Chairperson	Eric Riegler	27	24	113
1	Gerard Coutts	22	29	75
2	Sarah McDonald	13	15	87
3	Geoff Woolcock	29	27	107
4	Warren Knight	26	27	96
5	Joe Zita	27	26	104
6	Peter Jolly	26	28	93
7	Ashley Hansen	22	24	92
8	Hank Van Ravenstein	31	31	100
9	Brent Williams	15	19	79
10	Aristidis Akritidis	22	29	76
11	Michael Almonte	0	17	0
12	Greg Zuccala	16	22	73
13	Mark Selby-Hele	22	25	88
14	Anna Galluzzo	12	27	44
15	Sharon Houlihan	21	23	91
16	Georgia McKay	24	28	86
17	Michael Kerr	19	24	79
18	Julian Crow	0	0	0
19	John Clampett	15	19	79
20	Jonathan Barnett	23	25	92
21	David Graham	18	27	67
22	Patrick Irwin	28	28	100
23	Ian Caldow	1	1	100
24	Dang Ho	24	28	86
25	Elizabeth Coe	20	27	74
26	Jayne Richardson	21	28	75
27	Allen Kong	22	24	92
28	Rebecca Cameron	33	33	100
29	Aileen McFadzean	16	26	62
30	Les Schwarz	21	25	84
31	Bryan Thomas	22	25	88
32	Phillip Davies	23	25	92
33	Stephen Lodge	20	24	83
34	Sarah Carlisle	13	16	81
35	Eric Braslis	17	24	71
36	Pene Martyn	14	16	88
37	Kirsty Miller	22	25	88

¹ A percentage of attendance greater than 100 reflects days where the member has attended hearings at short notice when they were otherwise not rostered to attend.

BAB Meeting Attendance 2017–18

		ATTENDED	ROSTERED	PERCENTAGE
Chairperson	Eric Riegler	4	4	100
1	Gerard Coutts	4	6	67
2	Sarah McDonald	4	4	100
3	Geoff Woolcock	8	8	100
4	Warren Knight	7	8	88
5	Joe Zita	6	8	75
6	Peter Jolly	7	8	88
7	Ashley Hansen	7	8	88
8	Hank Van Ravenstein	7	8	88
9	Brent Williams	7	8	88
10	Aristidis Akritidis	5	8	63
11	Michael Almonte	0	8	0
12	Greg Zuccala	5	8	63
13	Mark Selby-Hele	5	8	63
14	Anna Galluzzo	0	8	0
15	Sharon Houlihan	5	8	63
16	Georgia McKay	6	8	75
17	Michael Kerr	5	8	63
18	Julian Crow	0	0	0
19	John Clampett	6	8	75
20	Jonathan Barnett	5	8	63
21	David Graham	1	8	13
22	Patrick Irwin	8	8	100
23	Ian Caldow	1	1	100
24	Dang Ho	6	8	75
25	Elizabeth Coe	6	8	75
26	Jayne Richardson	6	8	75
27	Allen Kong	8	8	100
28	Rebecca Cameron	8	8	100
29	Aileen McFadzean	2	8	25
30	Les Schwarz	7	8	88
31	Bryan Thomas	6	8	75
32	Phillip Davies	6	8	75
33	Stephen Lodge	6	8	75
34	Sarah Carlisle	3	7	43
35	Eric Braslis	5	8	63
36	Pene Martyn	5	7	71
37	Kirsty Miller	6	8	75

Building Advisory Council

The Building Advisory Council (BAC) is an independent statutory body established under section 206 of the *Building Act 1993*. It is responsible for advising the Minister for Planning on the administration of both the Act and the *Building Regulations 2018*, 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 its members are appointed by the Minister for Planning.

Meeting Attendance 2017–18

Five BAC meetings were scheduled in the 2017–18 financial year. In 2017, meetings were held in September, October and December, while in 2018, meetings were held in March and June.

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	MAXIMUM POSSIBLE
Maree Davenport	1 July 2016 to 30 June 2019	5	5
Kate Bell	14 May 2017 to 13 May 2020	5	5
Sally Capp ¹	6 November 2016 to 5 November 2019	3	5
Dr Owen Donald	26 March 2017 to 31 January 2020	3	5
Erica Edmands	14 May 2017 to 13 May 2020	3	5
Emad Gad	9 August 2015 to 8 August 2018	4	5
Meaghan Dwyer	21 May 2015 to 20 May 2018	2	4
Radley de Silva	20 September 2015 to 30 June 2018	3	5
Wayne Liddy	21 May 2015 to 20 May 2018	4	4
Tom Vasilopoulos	21 October 2015 to 30 June 2018	5	5

Plumbing Advisory Council

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

Meeting Attendance 2017–18

Four PAC meetings were scheduled in the 2017–18 financial year. In 2017, meetings were held in August and November, while in 2018, meetings were held in February and May.

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	MAXIMUM POSSIBLE
Norman Anderson	17 April 2016 to 16 April 2019	3	4
Paul Harris	6 November 2016 to 5 November 2019	4	4
Victoria Hart	17 April 2016 to 16 April 2019	2	4
Justin Madden AM ²	6 September 2015 to 7 September 2021	1	4
Patrick McCrudden	17 April 2016 to 16 April 2019	3	4
Carl Walsh ³	6 November 2016 to 5 November 2019	1	4
Ken Gardner	6 December 2015 to 30 June 2018	4	4
Sumit Oberoi	1 July 2015 to 30 June 2018	2	4
Glenn Menzies	1 July 2015 to 30 June 2018	3	4
Earl Setches	1 July 2015 to 30 June 2018	2	4
Carmel Coate ⁴	1 November 2015 to 31 October 2017	1	1

¹ Sally Capp's attendance was impacted by her appointment as Lord Mayor of Melbourne.

² Justin Madden's appointment to the Plumbing Advisory Council was extended on 18 September 2018 until 7 September 2021.

³ Carl Walsh's attendance was impacted by a secondment. A delegate attended in his place.

⁴ Carmel Coate's attendance was impacted by her resignation from the Council.

Building Regulations Advisory Committee

The Building Regulations Advisory Committee (BRAC) is an independent statutory body established under section 210 of the *Building Act 1993*. It is responsible for advising the Minister for Planning on draft building regulations and for accrediting new building products, construction methods and components or systems connected with building work. The BRAC is supported by the VBA and its members are appointed by the Minister for Planning.

Meeting Attendance 2017–18

MEMBER NAME	TERM OF APPOINTMENT	ATTENDED	MAXIMUM POSSIBLE
Yvonne von Hartel AM (Chair)	12 August 2016 to 30 June 2019	9	11
Aristidis Akritidis	20 December 2016 to 19 December 2019	6	11
Regina Bron	24 April 2016 to 23 April 2019	11	11
Adam Dalrymple	13 August 2015 to 12 September 2018	7	11
Richard Drew	24 June 2015 to 23 June 2018	9	11
Greg du Chateau	13 August 2015 to 12 August 2018	9	11
Melanie Fasham	20 September 2015 to 19 September 2018	7	11
Stephen Greenwood	13 August 2015 to 12 August 2018	0	3
Benita Husband	18 December 2015 to 17 December 2018	8	11
John Prendergast	13 August 2015 to 12 August 2018	11	11
Robert Seiffert	18 December 2015 to 17 December 2018	6	11
Mark White	7 August 2016 to 6 August 2019	8	11

Administrative Appeals Tribunal (AAT) Applications

The VBA (and formerly the BPB) also receives applications from persons who hold registration, or equivalent, in another state or territory of Australia and are seeking to be registered as a building practitioner in Victoria under the *Mutual Recognition Act 1992* (Cth). Applicants may appeal to the AAT under the *Administrative Tribunal Act 1975* (Cth) for a review of a VBA/BPB decision in relation to their registration application.

In 2017–18, 24 applications were lodged with the AAT to appeal decisions against mutual recognition applications. Twenty-one of these matters are ongoing. Over the same period, eight AAT applications were finalised (including five matters lodged in the previous reporting period).

Building Appeals Board (BAB) Applications

Decisions made by the VBA in relation to certain matters associated with building permits and building work may be appealed to the BAB. This includes decisions relating to the termination of the appointment of a private building surveyor, and directions to fix building work.

In 2017–18, four BAB applications were lodged to appeal VBA decisions, and all were resolved. Six BAB applications were also finalised in 2017–18 (including two matters lodged in the previous reporting period).

Victorian Civil and Administrative Tribunal (VCAT) Applications

Decisions of the VBA (and the former BPB) made in relation to the registration of a building practitioner, a disciplinary inquiry brought against a registered building practitioner or a certificate of consent to act as an owner-builder may be appealed to VCAT. The VBA assists the BPB with the conduct of such matters at VCAT.

Persons who are affected by a VBA decision under the *Freedom of Information Act 1982* may also appeal to VCAT.

In 2017–18, 51 applications appealing BPB or VBA decisions were lodged with VCAT. Of these matters, 18 are ongoing. Over the same period, 48 VCAT applications were finalised (including 15 matters lodged in the previous reporting period).

Acronyms

ABCB	Australian Building Codes Board
AM	Member of the Order of Australia
BAB	Building Appeals Board
BAC	Building Advisory Council
BACV	Building Advice and Conciliation Victoria
BCA	Building Code of Australia
BPB	Building Practitioners Board
BRAC	Building Regulations Advisory Committee
CEO	Chief Executive Officer
CFA	Country Fire Authority
DELWP	Department of Environment, Land, Water and Planning
DWGs	Designated work groups
FTE	Full-time equivalent
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
N/A	Not available
NCC	National Construction Code
OHS	Occupational health and safety
PAC	Plumbing Advisory Council
STS	Senior Technical Specialist
VAGO	Victorian Auditor-General's Office
VBA	Victorian Building Authority
VCAT	Victorian Civil and Administrative Tribunal
VIPP	Victorian Industry Participation Policy



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