



Hon Richard Wynne MP

Minister for Planning
Minister for Housing
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Dr Owen Donald
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Victorian Building Authority
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Ref: MBR039406



Dear Dr Donald

STATEMENT OF EXPECTATIONS FOR THE VICTORIAN BUILDING AUTHORITY

I am pleased to provide you with this Statement of Expectations (SOE) for the Victorian Building Authority (VBA). This SOE applies from the date of issue to 30 June 2021, or until otherwise amended.

As Minister for Planning, I am responsible for administering the *Building Act 1993*, the *Building and Construction Industry Security of Payment Act 2002*, the Building Regulations 2018, the Plumbing Regulations 2019 and the Building and Construction Industry Security of Payment Regulations 2013 that affect businesses and the broader Victorian community. This SOE should be read within the context of the objectives, obligations and functions outlined in those Acts and regulations, together with the State Government's commitment to increase protection from building malpractice and to improve compliance and enforcement to better protect the health and safety of the community.

This SOE outlines key governance and performance objectives and targets aimed at promoting greater efficiency and effectiveness in the administration and enforcement of regulation and reducing costs to business and the community. It is the successor to the SOE dated 31 December 2017, which set targets for 2017-2018, and was extended until 30 June 2019.

Ministerial expectations

What follows are my expectations for the VBA in improving the administration and enforcement of regulation.

1. Strengthening the VBA's regulatory practice and outcomes to drive rogue elements from the building industry

Develop and implement a risk-based, pro-active, intelligence-driven and targeted approach to regulatory practice. This should result in outcomes that the State Government and the community expect – driving those practitioners from the industry who flaunt the rules. The State Government, through the Victorian Parliament, continues to make changes to the regulatory settings, including empowering the VBA to act decisively in the public interest. I expect to see greater use of these new powers, including to immediately suspend building practitioners who seek to profit from putting people's lives at risk.

2. Supporting the Department of Environment, Land, Water and Planning (DELWP) in delivering the State Government's reform agenda

Work with DELWP to support continued reform of the regulatory settings for the building and plumbing industries. The nature of this support should focus on providing DELWP with a strong evidence base for where the current settings are not delivering optimal outcomes for the community. An area of focus for this support will be DELWP's review of the role of private building surveyors.

3. Continuing to deliver the state-wide cladding audit and related cladding tasks

As part of the work resulting from the state-wide cladding audit, I have appointed the VBA as municipal building surveyor for a number of buildings where the risks are intolerably high to occupants. While this work is urgent and critically important for life safety, the VBA should ensure that consumers, including owners and owners corporations, are engaged appropriately with clear and sensitive communications. This work will also require strong relationships with Consumer Affairs Victoria, Domestic Building Dispute Resolution Victoria and municipal councils.

The VBA's role in relation to cladding will require expanded activities as necessary, sometimes of a temporary nature. I appreciate VBA being flexible and agile in undertaking such 'surge' activities to meet this important community priority. As in other existing functions, where this work is separate from the VBA's core focus on regulating building and plumbing work, I expect that appropriate internal governance frameworks and stakeholder communications are put in place to ensure that this is managed.

4. Play a leadership role in strengthening the building surveyor profession

Building surveyors are critically important regulators of building work and the VBA should allocate additional resources to drive higher standards for building surveyors across Victoria. This should include increased information and engagement, but also increased monitoring of performance to ensure that surveyors are meeting legislative requirements and community expectations.

I expect that the appointment of a State Building Surveyor will play a critical role in this effort. I also expect that the VBA will support efforts to drive consideration of building surveying as a trusted and highly regarded profession, including through linking with relevant associations and bodies on promotional activity.

Improvements and targets

Based on consultation between DELWP and the VBA, I have identified key elements of governance and operational performance where there are opportunities for the VBA to make improvements that would reduce cost impacts on business and improve regulatory practice. See **Attachment A**.

Reporting

Reporting on the VBA's progress to achieve these SOE performance targets should be undertaken in the context of annual financial reporting to avoid dual reporting streams. As part of annual reporting, the VBA is expected to report on:

- current baseline levels for performance targets set out in this SOE
- activities to be undertaken to reach the performance targets and improvements set out in this SOE.

I also expect the expectations, performance improvements and targets set out in this SOE will be incorporated into the next update of the VBA's Corporate Plan and the following VBA documents:

- Regulatory Approach (2016)
- Compliance and Enforcement Policy (2019)
- Prosecution Policy (2017).

The VBA's annual report should once again demonstrate how risk-based strategies have been applied and how those strategies have been used to prioritise compliance and enforcement activities and the effectiveness of these strategies.

This SOE should be published on the VBA's website upon receipt.

I expect that within 3 months of receipt of this letter, the VBA will respond, outlining how it intends to achieve the performance improvements and targets set in this SOE. This response should include details of the specific activities that will be undertaken by the VBA.

I look forward to seeing the VBA continuously working towards achieving best practice in the administration and enforcement of regulation.

Yours sincerely



HON RICHARD WYNNE MP
Minister for Planning

17/8/19

cc. Sue Eddy
Chief Executive Officer, VBA

Encl.

ATTACHMENT A: Performance improvements

<i>Performance improvements</i>	<i>Performance target</i>	<i>Good regulatory practice element</i>
<p>1. Faster and easier for practitioners and members of the public to submit required data online, check on their application status and remain compliant with their obligations</p>	<p>Processing of 80 per cent of new building registration decisions within 45 days of receipt for the period from 1 July 2019 to 30 June 2020 with further improvements to be delivered in the following year</p> <p>Review how information is sought from practitioners and members of the public to ensure relevance, usability and fitness for purpose by 30 June 2021</p> <p>Progressive roll out and adoption of e-enabled systems by 30 June 2021 as shown by an increase in take-up of e-forms annually</p>	<p>Timeliness</p>
<p>2. Proactive inspections of building and plumbing work</p>	<p>Inspect 10% of building work associated with new building permits every year underpinned by a risk-based decision-making tool</p> <p>Review the risk-based approach to audit of plumbing work linked to the issuing of compliance certificates</p>	<p>Risk-based strategies</p>
<p>3. Improved capture and monitoring of risks and performance</p>	<p>Review the current risk management framework to implement a consistent approach to risk management for the VBA's regulatory strategies by 30 June 2020</p> <p>Greater use of data to refine its risk-based strategies including leveraging the new Building Activity Management System (BAMS)</p> <p>Introduce technology to enable legacy business systems to provide improved data quality by 30 June 2021 with this data to inform VBA regulatory action in the following year.</p> <p>Develop and implement an outcomes and performance framework to be imbedded within the VBA annual and corporate planning processes by 30 June 2020</p>	<p>Risk-based strategies</p>

<p>4. Increased information for practitioners</p>	<p>Draw on compliance and enforcement activities to identify key industry risks and develop educative materials for practitioners aimed at mitigating these risks by 30 June 2021</p> <p>Review and update the VBA website and related communications platforms which support enquiries by 30 June 2020</p>	<p>Compliance related assistance and advice</p>
<p>5. Understand the trends in performance for specific practitioners who have been subject to regulatory action</p>	<p>Develop a Practitioner Performance Scorecard that provides practitioners with an indication of how they are performing on compliance, safety and consumer response (indicated by complaints) in comparison with industry peers in a particular class of registration or licence by 30 June 2021</p>	<p>Incentive-based regulation</p>
<p>6. Strengthening understanding by co-regulators of their role</p>	<p>Develop specific information and engagement tools for building surveyors to reinforce their statutory role by 30 June 2020</p> <p>Finalise Statements of Intent with majority of municipal councils to strengthen information sharing and grow VBA's intelligence gathering network by 31 December 2020</p>	<p>Role clarity</p>
<p>7. Improved leveraging of information from other regulators</p>	<p>Develop new information sharing protocols with key stakeholders by 30 June 2020</p>	<p>Cooperation amongst regulators</p>
<p>8. Improve understanding of current efforts to provide information</p>	<p>Undertake targeted satisfaction surveys to ensure clarity, ease of access, and value of information provided to the public, consumers, owner builders and building and plumbing practitioners by 20 June 2021</p>	<p>Stakeholder consultation and engagement</p>
<p>9. Transparency in the VBA's compliance and enforcement activities</p>	<p>Publish regulatory activity, including pro-active inspections, with consideration of broader information campaigns to influence practitioner behaviour by 30 June 2021</p> <p>Establish a modern and comprehensive approach to integrity by 30 June 2021</p> <p>Develop an internal complaints management system by 30 June 2020</p>	<p>Accountability and transparency</p>

<p>10. Process improvements driven by efficient business systems</p>	<p>Collect building permit data and levy data successfully through BAMS on a monthly basis from 1 July 2019</p> <p>Introduce a Field Services Application (FSA) to reduce double handling by the VBA's increasingly mobile workforce by 30 June 2021</p> <p>Develop and implement an information and communication technology strategy to ensure the VBA's digital platforms continue to improve user experience by 30 June 2020</p>	<p>Clear and consistent regulatory activities</p>
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