



The Hon Sonya Kilkenny MP

Minister for Planning  
Minister for the Suburbs

1 Spring Street  
Melbourne, Victoria 3000 Australia

Ref: BMIN-1-23-3715

Mr Justin Madden  
Acting Chief Commissioner  
Victorian Building Authority  
Goods Shed North  
733 Bourke Street  
DOCKLANDS VIC 3008

Dear Mr Madden

#### **STATEMENT OF EXPECTATIONS FOR THE VICTORIAN BUILDING AUTHORITY**

I am pleased to provide you with my expectations for the Victorian Building Authority (VBA), to guide the regulator's business planning processes.

##### **Legislative framework**

As Minister for Planning, I am responsible for administering the *Building Act 1993*, and this guidance should be read in the context of the objectives, obligations and functions outlined in this Act as amended.

This guidance should also be read in the context of any other legislative and non-legislative obligations on the VBA.

##### **Emerging risks and priorities**

Based on consultation with the Department of Transport and Planning (DTP) and the VBA administration about the government's priorities and emerging risks, I expect the VBA to foster better practice in regulation and achieve improvements in regulatory efficiency and effectiveness, demonstrating the VBA's value as a trusted regulator supporting the delivery of a high-quality built environment through a citizen as customer lens. I expect the VBA to focus on the following five thematic priority elements:

- **Risk-based Approach to Compliance and Enforcement**
- **Reduce Regulatory Harms**
- **Government Reforms**
- **Customer Experience**
- **Sustainable, Future Ready**

The initiatives and actions outlined below describe how I expect the VBA to address these priority elements.

### **Minister's Expectations**

- **Risk-based Approach to Compliance and Enforcement**

To facilitate practitioner compliance, I expect the VBA to take fair, firm, risk-based compliance, and enforcement action that holds practitioners to account, keeps Victorians safe and contributes to quality build outcomes for consumers. The VBA is expected to:

- i. Publish a Regulatory Policy Statement by November 2023, outlining how the VBA operates, uses regulatory tools and powers to address non-compliance and improve standards across the building industry.
- ii. Publish Compliance and Enforcement Policy by December 2023.
- iii. Implement effective strategies to address non-compliance, informed by operational intelligence, data, and research.
- iv. Proactively inspect and monitor building works using a risk-based approach.
- v. Greater utilisation of enforcement measures available under the *Building Act 1993* to target poor operators.
- vi. Target regulatory communications to support practitioner compliance.
- vii. Promote using the Security of Payment scheme to manage payment disputes and monitor compliance.
- viii. Report annually on results and impacts of compliance and enforcement activities in reducing high risks.

- **Reduce Regulatory Harms**

To ensure the efficient delivery of regulatory functions, I expect the VBA to enhance its understanding, targeting and reduction of priority regulatory harms, and work collaboratively with industry, partner agencies, co-regulators on protecting consumers from risk of harms. The VBA is expected to:

- i. Undertake ongoing review of the VBA's Regulatory Priorities and engage the Industry Harms Consultative Committee three times per year on these.
- ii. Provide practitioners with the knowledge and guidance they need to undertake work that is compliant, addresses risks and prepares them for industry changes.
- iii. Ensure that the VBA's regulatory approach is informed by evidence on harms.
- iv. Develop orphaned permit plan to process outstanding permits and to ensure that succession planning requirements for surveyors are put in place.
- v. Investigate industry practices and processes around compliance with domestic building insurance.



- vi. Report annually on results and impacts of harm reduction activities.

- **Government Reforms**

To achieve better outcomes for consumers, I expect the VBA to support DTP in the implementation of government reforms in line with legislation and directions. The VBA is expected to:

- i. Support the implementation of Automatic Mutual Recognition, Trades Registration, Continuing Professional Development program and other programs.
- ii. Collaborate with DTP on the development of implementation options for building and plumbing reform initiatives.
- iii. Support the transfer of the Municipal Building Surveyor function to councils for sites subject to the Statewide Cladding Audit.
- iv. Implement a statutory role for the State Building Surveyor.
- v. Work collaboratively with the Building Monitor once the role is appointed.

- **Customer Experience**

To build customer confidence in the regulation of Victoria's building industry, I expect the VBA to uplift its services to improve the timeliness and overall experience of consumers and practitioners. The VBA is expected to:

- i. Educate consumers to build knowledge of the VBA's role within the building system.
- ii. Facilitate co-resolution of consumer complaints with agency partners.
- iii. Launch a new licensing and registration system for building practitioners.
- iv. Release online interactive registration forms for building practitioners.
- v. Work with Services Victoria to develop a digital licence for building practitioners.
- vi. Improve consumer complaint response timeframes improved.
- vii. Improve practitioner and consumer sentiment for online interactions

- **Sustainable, Future Ready**

Looking forward, I expect the VBA to be financially sustainable, adaptable, and future-ready to deliver its regulatory functions and strategic objectives. The VBA is expected to:

- i. Ensure that the VBA's operating model can deliver effectively on the Regulatory Policy Statement.
- ii. Collaborate with DTP to reset plumbing fees (*licensing and registration fees, compliance certificate fees, modification, and declaration fees*).
- iii. Uplift enabling systems to support plumbing fee changes.
- iv. Establish ongoing relationships with key industry bodies, associations, and unions via regular engagement.
- v. Improve understanding of regulatory roles and responsibilities of relevant building surveyors, local councils, and VBA.

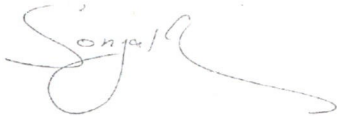
- vi. Continue to focus on improvements in workplace culture at the VBA to deliver better outcomes for staff and stakeholders.

I expect VBA to incorporate these expectations into its business plans and include milestones for when those expectations will be met. VBA business plans should also include appropriate milestones to review the content of this letter and to advise me when it needs to be updated or renewed.

I ask that VBA, in conjunction with DTP, undertakes a light touch review of the expectations in this letter as part of its annual reporting obligations and to advise me if there are any refinements the VBA would recommend.

I look forward to seeing VBA continue to work towards achieving best practice in the regulation of building industry for the benefit of the Victorian community.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Sonya', with a long, sweeping flourish extending to the right.

**The Hon Sonya Kilkenny MP**

Minister for Planning

Minister for the Suburbs

1 November 2023