



Hon Richard Wynne MP

Minister for Planning
Minister for Housing

8 Nicholson Street
East Melbourne, Victoria 3002

Ms Michelle McLean
Chief Commissioner
Victorian Building Authority
Goods Shed North
733 Bourke Street
DOCKLANDS VIC 3008
Michelle.McLean@vba.vic.gov.au

Ref: MBR045867



Dear Ms McLean

STATEMENT OF EXPECTATIONS FOR VICTORIAN BUILDING AUTHORITY 2021-2023

I am pleased to provide you with this Statement of Expectations (SOE) for the Victorian Building Authority (VBA). This SOE is a successor to the SOE dated 17 August 2019 that expired on 30 June 2021. It applies from the date of issue until 30 June 2023 or until otherwise amended.

This SOE sets out my expectations of VBA's contribution to promoting safety and compliance through effective and efficient regulation, thereby reducing costs to business and the community.

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 Victorian 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.

Ministerial expectations

My expectations for VBA in improving the administration and enforcement of regulation are as follows.

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

Enhance the risk-based regulatory approach and develop an implementation plan to engage VBA staff, regulatory partners, stakeholders, and practitioners to work together to build a safer, more successful, and sustainable industry. The implementation approach should support practitioner compliance, aid in identifying and responding to non-compliant practice, and ensure appropriate regulatory action is taken. I expect the enhanced approach to be defined, the implementation plan developed and internal training on the enhanced regulatory approach to commence by 30 June 2022. I would like to see a demonstrable application of the improved regulatory approach on the highest risk areas in the industry by 30 June 2023.

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

Continue to work with DELWP to support further reform of the regulatory settings for the building and plumbing industries. The nature of this support should focus on informing the national and state

regulatory frameworks (including the Building System Review) through thought leadership, research, and evidence-based insights. I expect stakeholder satisfaction with VBA support to be positive.

I expect VBA to deliver on Victorian Government targets for regulatory programs while implementing significant programs of government legislative and policy reform.

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

VBA is to deliver the Statewide Cladding Audit Intensive Inspection Initiative and refer relevant buildings to Cladding Safety Victoria (CSV) for prioritisation for cladding rectification. VBA will also work closely with DELWP on policy initiatives related to the future model of the Statewide Cladding Audit.

Improvements and targets

Based on consultation between DELWP and VBA, I have identified key elements of governance and operational performance where there are opportunities for VBA to make improvements to regulator role clarity and reduce cost impacts on business. VBA is expected to identify activities it will undertake to achieve the following performance improvements and targets:

<i>Improvement expected</i>	<i>Target</i>	<i>Good regulatory practice element</i>
<p>Victorian businesses rely on regulators to operate efficiently and to have processes in place that enable timely decision making and communications. Timeliness is an important component of good regulatory practice.</p> <p>VBA is required to focus on a faster and improved user experience in submitting and accessing required data online, including checking application status and remaining compliant with their obligations.</p>	<p>By June 2023:</p> <ul style="list-style-type: none"> Processing 80 per cent of building registration decisions within 45 business days of receipt for the period from 1 July 2021 to 30 June 2022, with further improvements to be delivered in the following year. Enhanced timeliness for building and plumbing registrations to be reported annually. Deliver a secure online examination portal to enable practitioners and applicants to do desktop exams remotely. Online exams for all relevant building and plumbing assessments delivered by 30 June 2022. Enhance the digital experience of practitioners and consumers by progressing VBA's digital transformation of regulatory processes and online interfaces. The progress indicators are: <ul style="list-style-type: none"> Practitioner and customer online interactions increasing 10 per cent annually, with a baseline established by June 2022. User experience with digital 	<p>Improved timeliness</p>

<i>Improvement expected</i>	<i>Target</i>	<i>Good regulatory practice element</i>
	technology improved because of the Building Systems Technology Roadmap delivery	
I understand that VBA is developing and implementing a risk-based and evidence-led targeted approach to guide the delivery of its operations. I would like to see more transparency in VBA's strategic compliance and enforcement priorities, activities, and performance targets. I expect VBA to make greater use of data to enhance its oversight and transparency of regulated activities.	<p>By June 2023:</p> <ul style="list-style-type: none"> Proactively inspect and monitor building works underway. Target: <ul style="list-style-type: none"> inspect at least 10 per cent of new building permits. Develop and implement a program to identify emerging risks and issues within the industry, determine impact and assess solutions. Target: <ul style="list-style-type: none"> pilot of practitioner profiles by 30 June 2022. Continue to mature VBA's risk leadership, capability, and capacity. VBA Risk Maturity score to increase year on year. Target: <ul style="list-style-type: none"> 70 per cent for 2022 and 80 per cent for 2023. Automate data analytics to enhance oversight and transparency of regulated activities. 	Risk-based strategies
I expect VBA to refine its regulatory approach to incentivise good and discourage poor practitioner behaviours, thereby supporting a safe, confident, and thriving building system.	<p>By June 2023:</p> <ul style="list-style-type: none"> Building Surveyor audit program and provision of guidance materials established to focus on identified compliance risks. Indicators to show compliance improvements in targeted risk areas in comparison to year 2021. 	Incentive-based regulation

Improvement expected	Target	Good regulatory practice element
I expect VBA to continue cooperating with regulators in Victoria and nationally – through internal seminar sessions and other measures to identify good practice and share lessons; actively collaborate with other regulators where needed to support regulatory outcomes. The co-regulators and DELWP to have increased satisfaction with VBA's cooperation and engagement.	<p>By June 2023:</p> <ul style="list-style-type: none"> • Work with regulatory partners to address complex and long-standing building permit and enforcement matters to ensure effective consumer outcomes. • Strengthen consumer information by supporting the DELWP building consumer information service and aligning consumer communications with Consumer Affairs Victoria (CAV). 	Cooperation among regulators
I expect VBA to increase the awareness and compliance of industry, building owners and the community in maintaining essential safety measures (ESM).	<p>By June 2023:</p> <ul style="list-style-type: none"> • Increase the awareness and compliance of industry, building owners and the community in maintaining essential safety measures (ESM) to protect the safety of building occupants through the provision of information and education. The progress indicators are: <ul style="list-style-type: none"> — Number of revised/updated and new resources related to ESMs for industry, owners, building managers and consumers. — Number of downloads/views of resources related to ESMs. — Target groups of stakeholders satisfied that resources and information met their needs. 	Stakeholder consultation and engagement
I expect VBA to improve ongoing financial sustainability to provide scalable regulation based on risk and resources to optimally protect consumers and support a thriving building industry.	<p>By June 2023:</p> <ul style="list-style-type: none"> • Improve VBA's ongoing financial sustainability through the review of its operations and ensure financial self-sufficiency. VBA will: <ul style="list-style-type: none"> — Complete fee model review by 31 March 2022 — Implement Activity Based Costing by 30 June 2022 — Comply with Victorian Government Purchasing Board requirements by 30 June 2022. 	Accountability and Transparency

<i>Improvement expected</i>	<i>Target</i>	<i>Good regulatory practice element</i>
VBA is to provide increased information for practitioners through conferences and training programs.	<p>By June 2023:</p> <ul style="list-style-type: none"> • Deliver education and training programs, guidance materials to improve industry competence measured by reach and engagement of materials. • The VBA is to host the annual Building Surveyors' Conference in 2022 and 2023. 	Compliance related assistance and advice

Reporting

I expect VBA to report against these SOE performance improvements in VBA's Annual Report to avoid dual reporting streams. Where relevant, the report should include:

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

This SOE should be published on VBA's website on receipt and, no later than three months upon receipt of this letter, VBA must provide information on the website about how these SOE performance targets and improvements will be met – including details of the specific activities.

VBA is also to publish quarterly reports on regulatory activity to increase the transparency in the VBA's compliance and enforcement activities. The quarterly publication of high-level risks identified through proactive inspections and audits should commence by March 2022.

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

If you would like more information about this matter, please contact Lucienne Harrison, Director, Building Governance and Cladding Program Oversight, Department of Environment, Land, Water and Planning on (03) 8508 1557 or email lucienne.harrison@delwp.vic.gov.au.

Yours sincerely

HON RICHARD WYNNE MP
Minister for Planning

26/9/21