



2021
22

ANNUAL REPORT

Acknowledgements

Aboriginal acknowledgement

The VBA respectfully acknowledges the Traditional Owners and custodians of the land and water upon which we rely. We pay our respects to their Elders past and present. We recognise and value the ongoing contribution of Aboriginal people and communities to Victorian life.

We embrace the spirit of reconciliation, working towards equality of outcomes and an equal voice.

About this report

Welcome to the Annual Report for the Victorian Building Authority (VBA) for the year ending 30 June 2022.

This Annual Report describes the VBA's activities during this past year. The Annual Report is prepared in accordance with the *Financial Management Act 1994* (FMA), relevant Australian Accounting Standards (AAS) and Interpretations, Standing Directions, and Financial Reporting Directions (FRDs).

Responsible body's declaration

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 2022.



Michelle McLean

Chief Commissioner
Victorian Building Authority

29 September 2022

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1

MESSAGES & HIGHLIGHTS

Industry Snapshot as at 30 June 2022

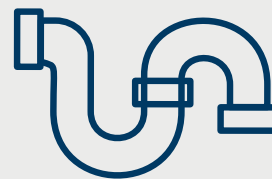
\$45.5billion

Victoria's
cost of building
works



30,312

registered or
licensed plumbers



22,319



Natural persons
building
practitioners



11,962 company building
practitioners

We Regulate

- > **480,381**
Compliance Certificates lodged by plumbers
- > **119,970**
Building Permits reported
- > **13,157**
or 10.97% of new building permits inspected
- > **12,332**
site inspections completed
- > **5,021**
Owner-Builder Certificates of Consent issued
- > **3,112**
COVID-19 Hotline calls answered
- > **287**
Building Surveyor audits
- > **25% increase**
in plumbing audit and drainage inspections

We Educate

- > **7,220**
practitioners attended a Practitioner Education Series webinar
- > **670**
practitioners (on average) attended each webinar
- > **90%**
practitioner satisfaction with webinar content
- > **28**
Practice Notes published
- > **11**
practitioner webinars held
- > **6**
cadets completed Building Surveyor Career Pathways Program

We Engage

- > **4.3 million**
visits to VBA website
- > **26,474**
people engaged across VBA's social media channels
- > **15,134**
building technical queries responded to
- > **8,477**
plumbing technical queries responded to
- > **764**
practitioners and building owners completed online survey
- > **695**
people attended the Building Surveyors' Conference, equivalent to 62% of Victoria's total registered building inspectors and surveyors
- > **261**
practitioner email alerts sent to keep industry informed

About the VBA

Vision

Our Vision is:
*Safeguarding
Victoria's
Future.*

Outcomes

Our vision is supported by three public value outcomes, which describe the positive impact we are committed to deliver for Victoria and which underpin our strategic objectives and priorities over the next five years:

- > Safe and resilient buildings
- > Communities reach their potential
- > Confident and thriving industry.

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.

- > We problem solve
- > We work as one
- > We deliver

To find out more about our functions under the *Building Act 1993*, the *Building and Construction Industry Security of Payment Act 2002* and the *Domestic Building Contracts Act 1995*.

Strategic Direction

Our strategic direction is made up of five pillars that flow from our vision, outcomes and values to guide our strategic focus for the next five years. In a dynamic sector, the pillars provide a steady compass for us to navigate complexity and move forward with positive impact for the Victorian community.

1

A Trusted Regulator

"Fair, firm, fast"

We are a proactive regulator delivering positive outcomes for Victorians. Our starting point is that individuals want to do the right thing. We deliver sophisticated and targeted enforcement that results in behavioural change. We do this through proportionate regulatory responses and providing authoritative guidance and advice.

2

A Knowledge Organisation

"Information, intelligence, insights"

We are a data-driven, evidence and intelligence-led organisation. We create and share knowledge and learn from others to continuously improve our work. The research and data we collect and analyse translates into practical, real-life solutions, facilitates industry innovation and helps inform government policy.

3

A Strength-Based Workplace

"One voice, one VBA"

We are one cohesive and diverse organisation and are serious about talent and flexibility. Our people are the foundations of our adaptable, strength-based culture, and are empowered to build their own career pathways and maximise their positive impact for Victorian communities.

4

A Forward-Thinking Business

"Future ready"

We are a contemporary and resilient organisation that looks to the future. Our robust risk management, financial administration and digital infrastructure are sustainable, adaptable and future ready. By looking to the future, we drive our performance and design our organisation to get there.

5

An Effective Connector

"Bringing people and thinking together"

We have a unique line of sight to Victoria's building industry. We use the deep and diverse expertise at the VBA to engage with consumers, government, other regulators, and industry to strengthen Victoria's building system. Together, we span boundaries, work towards shared outcomes and amplify our positive impact.

Our services and regulatory functions

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> > Registering, licensing and disciplining plumbers | <ul style="list-style-type: none"> > Performing functions of a Municipal Building Surveyor (MBS) when declared by the Minister, under the Act and under other legislation | <ul style="list-style-type: none"> > Developing and delivering education material for industry and consumers to promote compliance |
| <ul style="list-style-type: none"> > Registering and disciplining building practitioners | <ul style="list-style-type: none"> > Working with other agencies and regulators to ensure practitioner compliance and protect consumers | <ul style="list-style-type: none"> > Collecting building permit data and levies and issuing building permit numbers |
| <ul style="list-style-type: none"> > Responding to public enquiries about the building and plumbing industries | <ul style="list-style-type: none"> > Publishing data for building and plumbing practitioners to boost transparency and inform government and industry decision-making | <ul style="list-style-type: none"> > Overseeing the work of building practitioners and plumbers and Victoria's building permit system |
| <ul style="list-style-type: none"> > Overseeing the security of payment processes | <ul style="list-style-type: none"> > Undertaking and promoting research relevant to the regulation of the building and plumbing industries | <ul style="list-style-type: none"> > Promoting the resolution of consumer complaints about work carried out by building practitioners and plumbers |
| <ul style="list-style-type: none"> > Issuing owner-builder certificates of consent | | <ul style="list-style-type: none"> > Participating in national and state forums on building reforms and the development of national building and plumbing standards |
| <ul style="list-style-type: none"> > Providing expert technical advice and informed solutions to industry | | |
| <ul style="list-style-type: none"> > Keeping Victorians safe by undertaking inspections, investigations and audits to enforce compliance with relevant legislation | | |

Manner of establishment

The VBA is an authority established under the *Building Act 1993*.

Responsible Minister

The responsible Minister from 1 July 2021 to 27 June 2022 was the Hon. Richard Wynne MP, Minister for Planning.

The responsible Minister from 27 to 30 June 2022 was the Hon. Lizzie Blandthorn MP, Minister for Planning.

The Chief Commissioner and Chief Executive Officer's Report

We used two words to describe last year: unprecedented and extraordinary. That theme has certainly continued into 2021–22. COVID-19 has fundamentally changed the way people all over the world use our built environment, and the way the VBA responds to our role as regulator in dynamic and often unpredictable circumstances.

This year, the construction industry again demonstrated its resilience and ability to adapt to change. The industry remains critical to the Victorian economy with the VBA reporting nearly 120,000 building permits in 2021–22, with the total cost of building works increasing from \$41.9 billion in 2020–21 to \$45.5 billion in 2021–22.

As a regulator, we have driven effective regulatory change as our industry has grown and changed. We are now a vastly different organisation than we were four years ago. We continue to evolve to respond to major socioeconomic drivers – population growth, growth in construction, and major reform of the building industry – to safeguard Victoria's future.

Underpinning our shift in regulatory approach is the confidence that individuals want to do the right thing. That is our starting point and why we are building a risk-based regulatory model that encourages and incentivises good behaviour, while discouraging poor performance.

Equally, we have strengthened our approach to take firm action when needed to keep Victorians safe and hold practitioners to account.

There is a strong theme that emerges from the work we did this year: we worked together with industry to have a positive impact on their practice. Through our collaborative research and forums, we listened to the sentiment of industry and focused on the things that would make us a more effective and more trusted industry regulator.

We began improving how practitioners interact with us so they can spend less time on administration, and more time doing what matters – constructing Victoria's future while complying with their obligations. We have made it easier for practitioners to check their application status online. Our first tranche of online exams for Domestic Builder Unlimited, Domestic Builder

Limited to Carpentry Work, and Building Inspector (Pool Safety) saw a 12 per cent improvement in the average wait time for processing applications.

We continued to strengthen our regulatory practice through existing VBA programs such as the Proactive Inspections Program. Overall, our people completed approximately 23,000 building and plumbing inspections and audits in 2021–22. We launched more than 900 investigations into building and plumbing practitioners, issued 156 show cause notices, and commenced more than 100 prosecutions.

Our strengthened regulatory practice was supported by a reset of the building practitioner registration fee structure so that it more accurately reflects the costs of regulating different categories of practitioners. The change creates a fairer fee structure across all practitioners by differentiating the nature of registration of a practitioner with corporate fees set higher than individual fees. The new structure also allows the VBA to continue to help more practitioners continuously improve their skills through our free Practitioner Education Series, technical guidance and resources hub, and support industry to lift standards.

We supported the Victorian Government's reform agenda in areas such as the introduction of Automatic Mutual Recognition (AMR), a national scheme that allows individuals to use their home state or territory occupational registration or licence to work in other participating states and territories. Under AMR Stage 1, individual building practitioners (except building surveyors and building inspectors) were entitled to AMR in Victoria from 1 January 2022.

At the direction of the Minister for Planning, the VBA concluded the work set by Victorian Government in relation to inspecting properties for non-compliant combustible cladding.



Michelle McLean
Chief Commissioner

In mid-September, VBA inspectors and authorised officers worked with other regulators as part of the Victorian's Government's COVID-19 compliance blitz at Victorian construction sites. In all, 1,526 COVID-19 compliance inspections were undertaken during the blitz, to ensure industry compliance with the COVID-19 requirements.

Research remained a key priority for us this year. Our research program provides information, intelligence and insights to help inform regulatory decision making and government policy. In early 2021–22, we were pleased to announce the successful applicants from our inaugural round of research grants. They are researching important issues such as mould growth risk in regulatory compliant 6 Star and 7 Star new homes, passive fire protection defects in residential multi-owned properties, and fire safety of solar building envelopes.

The VBA has continued to look forward, and during the year we proudly launched our ambitious Strategic Plan, *Vision27*, which outlines the key priorities for our work over the next five years, grouped under five pillars. This strategy was built upon a collaborative effort with our stakeholders. It provides the roadmap to bring to life our vision to Safeguard Victoria's Future, and gives us the focus to become a modern, trusted regulator of an industry that matters.

Under Pillar 3 of *Vision27*, we are building a strength-based workplace within the VBA. During the year, the VBA Board commissioned an independent inquiry into cultural issues at the VBA and is looking forward to



Sue Eddy,
Chief Executive Officer

receiving recommendations from the inquiry that will enable us to build the VBA Way culture and strengthen our approach to diversity, inclusion and gender equality. We have already begun some of this work, with the launch of our first Gender Equality Action Plan.

This year has included many achievements and opportunities to consider what can be done better and different. Our people have shown a dedication to achieving positive outcomes for Victoria's building system and we are proud of the important role they will have as we implement our new strategic direction.

As we look forward, our focus remains on Victorians. The past 12 months saw the VBA developing and consulting on our inaugural Annual Regulatory Plan. The plan outlines the VBA's regulatory priorities for 2022–23.

The VBA will continue to support a confident and thriving construction industry. We look forward to advancing practitioner capacity and capability, supporting existing and aspiring practitioners through their career development, making it easier for practitioners to do the right thing, focusing on stamping out risky practices, and supporting practitioners to follow the rules.

State Building Surveyor's Report

When a consumer needs to contact the VBA, it is usually at a time of great stress. Our homes are our most precious asset, and likely the biggest purchase any of us will make. So when things go wrong, it is a stressful time.

As a proactive regulator, our goal is to help prevent problems before they cost homeowners time and money. That is where our proactive audits and inspections come in. Through both our Proactive Inspection Program (PIP) and Plumbing Audit Program (PAP), we focus on the identification and rectification of non-compliant work during construction, saving consumers time, money, and stress.

This financial year, 12,332 site inspections were carried out across 63 municipalities, involving 3,644 builders and 326 building surveyors. This means the work of almost half of all active building surveyors was inspected over the course of the year.

While a large part of our work is conducting audits and inspections, we also focus on engagement and collaboration with industry to improve practitioner competency. The intelligence we gather is communicated through our PIP quarterly reports and Practitioner Education Series webinars, which identify and address common issues of noncompliance. These resources give industry and practitioners the chance to improve their practice and ensure our environment is built to last.

The Building Surveyor Audit Program biannual reports, introduced for the first time this year, increases transparency and adds another layer to our education offering. This new regulatory initiative seeks to further identify and reduce non-compliant building work in Victoria. By undertaking a desktop review of building permit and occupancy permit documentation, we can improve documentation standards and provide support and guidance to registered building surveyors in carrying out their functions correctly. We collated knowledge and published reports to share with practitioners and the broader industry to safeguard Victoria's future.

Building surveyors fulfil a key role within the construction sector, assessing and approving building permits and providing independent oversight of building work throughout the construction process.

Ensuring there are enough qualified and high performing building surveyors is crucial to our regulatory system and is why the VBA will continue to invest in the professional development of existing building surveyors and create opportunities for the next generation of the industry.

From 1 January 2021, all registered building surveyors in Victoria were required to comply with the Code of Conduct for Building Surveyors. The code was developed in response to industry demands and was a key recommendation from the *Building Confidence* report by Professor Peter Shergold AC and Ms Bronwyn Weir. The code includes eight key principles, with industry and consumers able to make a complaint to the VBA about practitioner conduct matters. In 2021-22, the VBA received 54 Code of Conduct complaints, with the majority of these addressed via taking an educative approach with practitioners.

The annual Building Surveyors' Conference is a unique opportunity to bring building surveyors, industry, government and support staff together to learn about the state of the industry, its challenges and opportunities. During two half-days in March 2022, almost 700 people attended our virtual conference to sharpen their professional development and expand professional networks.

The VBA jointly administered our first Building Surveyor Career Pathway Program, alongside the Victorian Managed Insurance Authority and Domestic Building Dispute Resolution Victoria. The three agencies collaborated to develop the program framework, with four cadets graduating from the 18-month program in July 2022 and two more securing employment prior to program completion.

We also made a concerted effort to work with the broader construction sector to develop joint initiatives to address building surveyor capacity, including promoting career opportunities at tertiary institutions throughout the year. It was pleasing to see industry associations offer opportunities for new sector entrants, including the Australian Institute of Building Surveyors' support of LGPro to administer a cadet program for female building surveyors.



Andrew Cialini
State Building Surveyor

As Victoria's construction industry remains strong, the Office of the State Building Surveyor was pleased to receive additional funding in the most recent State Budget to add value to the industry in producing a greater volume of guidance material to educate and inform practitioners. We will use some of this funding to broaden the next iteration of the Building Surveyor Career Pathways Program, with a focus on preparing more participants with the experience they require for registration.

In 2023, the release and implementation of *National Construction Code 2022*, alongside other important regulatory reform work underway, most notably, the Building System Review, means that the guidance and insights our people provide are as important as ever in helping practitioners and the community navigate the complex building system.

Highlights

The building sector remained critical to Victoria's economy, as the state continued to respond to COVID-19.

The VBA played an important role in supporting industry, in collaboration with government, peak bodies, unions, co-regulatory partners and practitioners.





Spotlight on:

Vision27: Our bold new direction

As Victoria's building and plumbing regulator, the VBA safeguards Victoria's future. We help practitioners and the communities they serve reach their potential by promoting a safe and sustainable built environment and a high quality, vibrant industry.

A bold and exciting strategic plan, *Vision27* is the framework that sets ambitious goals for the organisation. Launched in March 2022, *Vision27* outlines the VBA's role in strengthening Victoria's liveability and ensuring the state realises its economic potential.

In response to recent years' major changes in the industry and the Victorian population, *Vision27* is about positioning the VBA to safeguard Victoria's future by applying robust, risk-based regulation and becoming a contemporary and resilient organisation that looks to a strong future.

Supporting this vision are three public value outcomes of the positive impact the VBA is delivering for Victoria: safe and resilient buildings, communities reaching their potential, and a thriving industry.

To make this possible, the VBA's strategic direction is structured around five pillars:

Pillar 1	A Trusted Regulator.
Pillar 2	A Knowledge Organisation.
Pillar 3	A Strength-Based Workplace.
Pillar 4	A Forward-Thinking Business.
Pillar 5	An Effective Connector.

Given the dynamism of Victoria's building and plumbing industries, our strategic priorities ensure the VBA makes a positive impact for all Victorians. Each pillar includes regulatory and operational outcomes the VBA is working towards.

The 2021–22 VBA Annual Plan focused on key activities that would lay the foundation for *Vision27*. This plan articulated the VBA's commitment to a suite of initiatives that focused on attainable achievements within each pillar, many of which were in response to the Minister's Statement of Expectations (SOE) 2021–23.

The VBA is also developing an extensive evaluation framework to measure our progress and show that we are delivering on the five strategic pillars and contributing to the three public value outcomes.

Vision27 is truly a new chapter for the VBA. It is a spirited direction to protect communities that endeavours to lift our own and the industry's performance using risk-based and data driven regulation, and create a cultural shift across the building sector.

Financial summary

Table 1: VBA five-year financial summary

	2021–22 \$ million	2020–21 ¹ \$ million	2019–20 ² \$ million	2018–19 \$ million	2017–18 \$ million
Building permit levies	42.8	39.8	44.7	39.3	37.6
Cladding rectification levy	-	20.4 ³	19.3	N/A	N/A
Practitioner registration and licences	13.5	12.0	11.7	10.8	10.1
Plumbing compliance certificates	17.8	16.0	15.1	14.8	12.5
Other income	16.7	52.1	56.6	20.7	8.8
Total income	90.8	140.3	147.4	85.6	69.0
Total expenses	98.2	124.5	101.0	77.8	63.2
Other income flows	0.2	-	0.1	0.3	(1.3)
Net result from continuing operations	(7.2)	15.8	46.5⁴	8.1	4.5
Current assets	43.0	55.5	110.5	60.0	51.3
Non-current assets	17.9	17.7	22.4	11.9	8.0
Total assets	60.9	73.2	132.9	71.9	59.3
Current liabilities	29.1	38.6	27.7 ⁵	21.2	18.3
Non-current liabilities	12.7	8.7	11.5 ⁶	4.0	2.5
Total liabilities	41.8	47.3	39.2	25.2	20.8
Net assets	19.1	25.9	93.7⁷	46.7	38.5
Net increase/(decrease) in cash and cash equivalents	(13.1)	(55.6)	55.9	20.6	(9.1)

1. The prior year results included CSV net result of \$34.1 million for five months prior to its separation from the VBA on 1 December 2020.

2. Includes former VBA business unit, CSV, established on 16 July 2019.

3. Includes cladding rectification levy \$20.4 million (2019–20: \$19.3 million).

4. Includes CSV net result \$44.5 million.

5. Revised in the prior year from \$28.1 million to \$27.7 million.

6. Revised in the prior year from \$11.1 million to \$11.5 million.

7. Includes CSV cash and cash equivalents \$51.6 million.

Current year – financial review

Overview

The financial result

The VBA has continued to improve its financial position as a result of effective fiscal management. The comprehensive operating result for the VBA in 2021–22 was a deficit of \$6.9 million, which is an improvement of \$11.3 million from last year's underlying regulatory function deficit of \$18.2 million.

In 2021–22, the VBA recorded a net result from continuing operations of \$7.2 million deficit, which is \$23 million lower than 2020–21. This net result was driven by an overall 35 per cent (\$49.5 million) reduction in income, offset by a 21 per cent (\$26.2 million) decrease in expenses.

The decrease in income was due to the separation of Cladding Safety Victoria (CSV) from the VBA into a separate organisation. CSV financial activity included the Cladding Rectification Levy and related Department of Environment, Land, Water and Planning (DELWP) grants totalling \$56 million.

The underlying VBA regulatory functions income for 2021–22 increased by \$6.5 million, with collection of general and Domestic Building Dispute Resolution Victoria (DBDRV) building permit levies increasing by \$3 million due to higher cost of works. Plumbing Compliance Certificate income increased by \$1.7 million, and new Building Practitioner Registration Fees beginning 2 May 2022 contributed an increase of \$0.7 million.

Total expenditure for 2021–22 was \$98.3 million, compared to \$102.5 million for the previous year, excluding CSV. The reduction was due to a reduction in non-essential costs, reducing the use of consultants and contractors and managing IT expenditure. These factors resulted in a net reduction of expenses from the prior year of \$4.2 million (excluding CSV). Included in this result is our continued investment in digitalisation, seeing an increase in expenditure of \$4.6 million in 2021–22.

For comparative purposes, the table below shows the VBA results compared with the previous year's regulatory functions excluding CSV.

Table 2: Regulatory Function Activity

	2022 \$ million	2021 \$ million	Variance \$ million
Revenue and Income from transactions	90.8	84.3	6.5
Expenditure	98.2	102.5	4.3
Net result from transactions (net operating balance)	(7.4)	(18.2)	10.8
Net gain/(loss) on non-financial assets	0.2	-	0.2
Net result from continuing operations	(7.2)	(18.2)	11.0
Other economic flows – revaluation surplus	0.3	-	0.3
Comprehensive result	(6.9)	(18.2)	11.3

Financial position – cash holdings

Cash holdings at the end of the year were \$39.5 million. With balance sheet assets totalling \$60.8 million, the VBA has sufficient cash to meet our short-term liabilities and will continue to explore opportunities to improve financial sustainability for the longer term.

Contributions and transfers

Contributions made by the VBA included a grant of \$1 million to the Department of Industry, Science, Energy and Resources as Victoria's contribution to the Australian Building Codes Board (ABCB).

In addition, the VBA contributed \$1.5 million to the DELWP Building Policy Unit.

The VBA continues to collect and transfer the Cladding Rectification Levy to CSV monthly. In 2021–22, the levy paid to CSV was \$78.3 million.

The VBA also collects a portion of building permit levies and domestic building registration fees to fund services by Domestic Building Dispute Resolution Victoria (DBDRV), costs relating to the Victorian Civil and Administrative Tribunal under its Building and Property List, and other costs for administration of the *Domestic Building Contracts Act 1995*. These funds are transferred to Consumer Affairs Victoria (CAV) every month to administer under its Domestic Builders Fund. For 2021–22, \$20.4 million was transferred to CAV for this purpose.



Spotlight on:

A new, fairer fee structure for a growing industry

Recognising continued growth in the building industry, the VBA reset its building registration fee structure this year, to better protect consumers and promote the integrity of the building industry through the benefits of registration and greater regulatory oversight.

Since the VBA was first established in 2013 and leading up to the fee reset, Victoria experienced an 86.3 per cent increase in the value of building work, a 31 per cent increase in the number of building permits issued and a 22 per cent increase in the number of individuals registered as building practitioners.

The previous fee structure was introduced in 2005 and since then there has been enormous industry growth. This and the projected continued growth meant the VBA, as a self-funded regulator, required a new fee structure that more accurately reflected the costs of regulating the different parts of Victoria's building industry.

The new fee structure introduced reduced initial registration costs for domestic builders and a range of other changes depending on the type and number of registrations. For example, because of the benefits practitioners gain from registering as a business, company fees are now set higher than individual fees. The VBA's building registration fees are now aligned with other jurisdictions, with fees for commercial builders and domestic builders comparable to those in other jurisdictions. Fees for other categories of registration, such as building surveyors, remain lower compared to some other jurisdictions, as an incentive to attract new entrants to this field.

The new structure facilitates professional development for practitioners through the VBA's free Practitioner Education Series and funds the provision of ongoing technical guidance and resources for practitioners. In addition, improvements to VBA processes means practitioners will spend less time on the administrative activities, including renewing or applying for registration.

The fee reset ensures practitioners who do the right thing flourish professionally and those who ignore the rules face appropriate consequences.



2

PERFORMANCE

Pillar 1:

A Trusted Regulator

“Fair, firm, fast”

We are a proactive regulator delivering positive outcomes for Victorians. Our starting point is that individuals want to do the right thing. We deliver sophisticated and targeted enforcement that results in behavioural change. We do this through proportionate regulatory responses and providing authoritative guidance and advice.

As Victoria’s building and plumbing regulator, the VBA safeguards Victoria’s future.

The VBA delivers a positive impact through its role as regulator, promoting safe and resilient buildings by supporting a thriving and trusted industry that acts with integrity.

Regulating Victoria’s built environment does more than ensure safety – it helps industry and community reach economic and social potential.

As a trusted regulator, the VBA is responsible for monitoring and enforcing compliance in the building and plumbing industries. The VBA’s risk-based approach to compliance and enforcement prioritises enforcement action where there is the greatest risk to the safety of the Victorian community.

As part of our regulatory effort to improve building safety and building outcomes, the VBA looks at ways to address behavioural change across the industry. The VBA takes a graduated and integrated approach to choosing the most appropriate regulatory tool, from education and communication to enforcement – minimising the regulatory burden while maximising public value for regulatory effort.

Pillar 1: Achievements

Proactive regulation has enhanced community safety and industry sustainability

Proactive inspections

The VBA's Proactive Inspections Program (PIP) helps ensure the sustainability of Victoria's construction industry and the safety of the built environment. By harnessing the expertise of the VBA's building and plumbing inspectors and auditors, PIP helped to identify potential faults earlier, when they are easier to fix and the builders, not the owners, are responsible.

During the course of the year, the VBA inspected 13,157 building permits, or 10.97 per cent of all permits issued this financial year, exceeding the Minister's Statement of Expectations 10 per cent target.

In 2021–22, the VBA issued 5,476 notifications to practitioners requiring them to respond to a compliance risk identified through PIP. Non-compliant issues of a severity that could result in adverse effects on safety or amenity, financial loss for future occupants or loss of structural integrity if left untreated were prevalent in 1.7 per cent of inspections, a rate consistent with previous years. Sites with occupational health and safety risks are reported in this category, with breaches referred to the relevant regulator on the same day.

The VBA continued to improve knowledge, data and industry insights to inform our regulatory approach. As a result of this, an increase in compliance risks was observed during the first half of the year as the VBA selected more sites that had progressed beyond early works stage, and targeted practitioners of interest identified through intelligence gathering.

To ensure practitioners benefit from the significant work undertaken as part of PIP, the VBA publishes quarterly reports on PIP findings, including identifying the most common problems found on site. By communicating the findings back to practitioners, the VBA is helping support industry to remain compliant and continue to build better.

Proactive plumbing auditing

The VBA also continued to develop a risk-based approach to conducting compliance audits and below ground drainage inspections of plumbing work as part of the Plumbing Audit Program (PAP).

VBA compliance auditors conducted on-site audits to sample performed plumbing work based on the lodgement of compliance certificates. The auditor's role is to ensure the plumbing work complies with all relevant plumbing laws and standards.

VBA auditors conducted 9,849 plumbing inspections in 2021–22, an increase of 25 per cent compared to 2020–21. This increase is attributed to the commencement of Saturday drainage inspections, which did not take place in 2020–21. Inspections activities in the previous year were also impacted by COVID-19 stage four restrictions, with site selection altered to include auditing only vacant properties or undertaking external audits. In 2021–22, the VBA was able to return to business-as-usual activity for the majority of the year, resulting in more regional audits and audits of occupied properties.

The compliance certificates audited each month were selected using risk-based criteria. When deciding which sites to inspect during lockdowns and other public health restrictions, the VBA prioritised inspections of external plumbing works such as roofing works and unoccupied sites.

Complaint resolution was improved for consumers

The VBA's primary focus is to reduce the risk of harm to the Victorian community, by prioritising compliance and enforcement efforts towards activities that pose a greater health and safety risk or economic loss.

To deliver faster outcomes for consumers, the VBA improved its resolution process for plumbing complaints. This resulted in a 51 per cent reduction in the number of plumbing complaints escalated for investigation between 2020–21 and 2021–22.

Thanks to the earlier involvement of VBA technical staff and engagement with practitioners to achieve prompt rectification, the need for investigations reduced significantly. This new process enabled timely feedback to consumers and practitioners and educated and informed practitioner's future practice to change behaviours, while also delivering more responsive resolutions for Victorians.

A greater emphasis on early education and intervention, through a risk-based triage process resulted in 48 per cent fewer building complaints being escalated for investigation or being referred for practitioner discipline, compared to a year ago. This allowed the VBA to prioritise its resources on matters of serious non-compliance. Prosecution and disciplinary action are reserved for more serious contraventions of the *Building Act 1993* and the VBA did not hesitate to utilise these enforcement actions when necessary.

Our knowledge sharing helped improve compliance

The VBA's suite of reports offers an opportunity to share common insights to increase industry and practitioner awareness and improve compliance to deliver a safer built environment.

To support the Minister's expectation for increased transparency, this year the VBA published a biannual Compliance and Enforcement report. This report gave stakeholders an insight into the VBA's compliance and enforcement activities, with detailed statistics, trends and commentary included about all functions.

The Building Surveyor Audit Program, a regulatory initiative that seeks to identify and reduce non-compliant building work in Victoria, also published its first two reports this year. The program involved the desktop review of building permit and occupancy documentation to ensure registered building surveyors are carrying out their functions correctly. These two reports, describing regulatory activities undertaken and the impacts achieved, contributed to the VBA's role as a trusted regulator and effective connector of the building and plumbing industries, while providing an opportunity to impart knowledge on practitioners.

The VBA continued to publish its quarterly Proactive Inspections Program (PIP) reports, offering industry and practitioners insights into statewide inspection activities. As well as providing a detailed overview of non-compliant building and plumbing work, the findings of PIP, the Building Surveyor Audit Program, and Compliance and Enforcement information provide the basis for the VBA's Practitioner Education Series and other educational materials and resources, to help educate practitioners about keeping compliant, thereby keeping Victorian communities safe.

Our collaborative response was the key to industry restarting sooner and safer

The biggest impact of the year for compliance audit and inspections was the construction industry shutdown that was in effect from 21 September to 5 October 2021, affecting metropolitan Melbourne, the City of Ballarat, the City of Greater Geelong, Surf Coast Shire, and Mitchell Shire.

The shutdown was in response to an increase in COVID-19 infections and transmission risk, and compliance concerns in the construction industry. The VBA worked closely with industry to address its concerns and demonstrate compliance with the Victorian Government's requirements for restarting work.

Restrictions were somewhat eased on 5 October, with the Construction Sector Roadmap guiding the industry's way towards reopening – and staying open – safely. As a key link between Government and industry, the VBA worked collaboratively with other government agencies to develop the Roadmap, enforce compliance and keep the industry operating.

The VBA carefully planned its deployment to keep employees physically and psychologically safe, engaged with partner agencies in compliance and enforcement, and provided extensive reports to the industry taskforce and the Victorian Government's lead agencies to understand compliance in the field.

During October and November, the VBA conducted 1,526 COVID-specific compliance inspections.

Improved use of technology saved practitioners time and money

The VBA made it easier for practitioners to lodge applications, saving them both time and money and has made improvements in how practitioners interact with us, including:

- improved navigation of Licensing and Registration pages on our website
- streamlined application forms for Building Surveyors and Inspectors to make them clearer
- new logbook for applicant Building Surveyors and Inspectors
- the ability for applicant Building Surveyors and Inspectors to upload their applications to the website, instead of sending it through the post
- the ability for interstate practitioners to determine if they require Domestic Builder, Public Liability or Professional Indemnity insurance. This tool was designed to reduce the number of incoming calls required for information requests.

These changes are also ensuring the VBA sees a better quality of application submitted, meaning less back-and-forth between the VBA and applicants for extra information to process applications.

This project will result in an economic benefit to the industry of around \$1.6 million – more money back in practitioner pockets and less time spent on administrative tasks.



Spotlight on:

Keeping industry open through COVID-19

Since the arrival of COVID-19 in Australia, practitioners, industry, unions, government and the VBA have worked together to ensure the construction industry operates safely and effectively.

As the public health impacts of the pandemic persisted this year, the construction industry was affected in many ways, including staff absences and a two-week shutdown of the industry in late September.

Most practitioners worked hard to manage the new safety challenges to keep their people safe and work sites open. However, in response to continued concern about case numbers, transmission risk and compliance concerns, the Victorian Government shutdown the construction industry in metropolitan Melbourne and other Local Government areas for two weeks from 11:59pm, Monday 20 September 2021.

During the shutdown, the VBA worked in partnership with co-regulators, government, industry and unions to determine the best way for practitioners to show full compliance with the Government's requirements.

Thanks to the cooperation of all parties, the Victorian Government announced a plan for the COVIDSafe restart of the construction industry from 5 October 2021.

COVID-19 compliance blitz

In mid-September, the VBA partnered with WorkSafe and the State Government's Industry Enforcement and Engagement Operation to carry out a four-week COVID-19 compliance blitz at Victorian construction sites.

The VBA carried out 1,526 COVID-19 compliance inspections.

Resource allocation to the COVID-19 compliance blitz ensured safety was a top priority, not only for our people, but for practitioners and the community.

Our cladding work on high-risk properties helped safeguard communities

The non-compliant use of combustible cladding on multi-storey buildings remains a national and international issue. The VBA has carried out the Statewide Cladding Audit (SCA) since December 2017, which focuses on reducing the fire safety risk of buildings with combustible cladding materials Expanded Polystyrene (EPS) and Aluminium Composite Panels (ACP) with a polyethylene core.

During this year, the VBA concluded the work set by the Victorian Government in relation to inspecting properties for non-compliant combustible cladding. In particular, the VBA's work focused on inspecting privately owned class 2 buildings with a rise in storeys of five or more.

Through a series of Ministerial declarations, the VBA performed the Municipal Building Surveyor (MBS) function for 332 buildings considered higher risk. Of these, 72 have no outstanding cladding enforcement as most of these have adequately responded to enforcement or have rectified their buildings. 223 buildings have no outstanding enforcement for other Essential Safety Measures.

The VBA understands the challenge and complexity the rectification work undertaken following the non-compliant use of combustible cladding has on owners, owners corporations and occupiers. By acting as MBS on buildings considered higher risk, the VBA is working with impacted parties to address safety risks.

Due to a lack of available research evidence, the VBA engaged the Commonwealth Scientific and Industrial Research Organisation (CSIRO) to provide advice on the risks of external wall fire spread associated with the use of EPS concrete on external walls for existing class 2 and 3 buildings of Type A or B construction. CSIRO's report focused on an assessment of the QT EcoSeries wall panel system as it is the most commonly used external insulated finish system (EIFS) comprising EPS concrete in Australia. Based on the available information, the research concluded that the EPS concrete used in QT EcoSeries wall panel system is likely to present significantly less risk to the spread of fire compared with other combustible cladding systems such as EPS and ACP. Councils and owners corporations have been informed of this outcome.

Decisive disciplinary action supported community safety

The VBA has taken repeated and decisive action against practitioners who have approved or installed non-compliant or unauthorised combustible cladding. In 2021–22, the VBA commenced 27 disciplinary actions against building practitioners who had been involved in the design approval or construction of 211 buildings with combustible cladding issues.

The VBA issued 30 decisions in disciplinary actions arising from combustible cladding issues during 2021–22. Some practitioners sought review of the VBA's decision in the Victorian Civil and Administrative Tribunal (VCAT). Those cases were still ongoing as at 30 June 2022.

Pillar 1: Work Continuing

Embedding a harms-based regulation approach into VBA business

As a trusted regulator, the VBA continues to evolve and enhance its regulatory approach to ensure it is a regulator ready for both today and the future. The VBA has renewed its focus on industry harms and is on a multi-year journey to embed a harms-based regulatory approach into practice.

The harms-based regulatory model will evolve the VBA's thinking and ways of working to better address the systemic and multi-dimensional challenges currently affecting community safety, the built environment and the Victorian economy.

This work has two primary objectives: to enhance the VBA's ability to identify harms; and to fully understand their contributing factors. This will assist the VBA to determine where we should focus our finite regulatory resources to achieve the optimal behavioural benefit, in alignment with the VBA's strategic and operational objectives.

Contributing to building reforms

Reforms are underway in Victoria's building system that are anticipated to change the way the system is regulated, how industry and practitioners operate and are held accountable, and how consumers are represented and protected.

The VBA is part of the Victorian Government's reform program and has an opportunity to help shape Victoria's building system and our own role in it. The VBA continues to support industry and consumers to navigate changes in its role as Victoria's trusted building regulator.

These reforms are driven by Victoria's projected population increase of three million in the next 30 years, which will mean more demand for housing, public amenities and infrastructure, particularly in Victoria's growth areas. Simultaneously, the way Victorians use their homes and how they live, work and play has changed, impacting how the built environments of the future are created.

Central to these reforms is the Victorian Government's Building Reform Expert Panel, established in late 2020. This review is anticipated to result in the biggest reform to the Building Act in decades.

Following a detailed submission to the Expert Panel at the end of 2020–21, the VBA has continued to share insights, data and information to support the work of the Expert Panel and DELWP in this reform program.

Regulatory activity

Practitioner licensing and registration

The VBA registered or licensed 64,593 building and plumbing practitioners this year, a 2.6 per cent reduction compared to the previous year. Since 2018-19, practitioner numbers have increased by 1.9 per cent year-on-year.

This year's reduction was mainly attributed to 3,633 fewer registrations in the engineer class, due to the *Professional Engineers Registration Act 2019* coming into effect on 1 July 2021. This saw the registration of all engineers transfer from VBA to the Business Licensing Authority (BLA). Excluding the registration of engineers, there was a three per cent increase in the overall number of practitioners registered or licensed by the VBA this year compared to last year.

The VBA remained a partner in a Victorian-first co-regulatory scheme for engineers that is jointly administered by the engineering profession, the VBA and BLA. Registered professional engineers providing services in the building industry are required to have their registration endorsed by the VBA.

However, despite the reduction in total practitioner numbers, there was heightened registration and licensing activity in several classes during the year.

The number of natural persons building practitioners decreased 14.2 per cent to 22,319. However, considering the transfer of registration of the engineer class to the BLA, there were an additional 308 natural person building practitioners registered by the VBA this year. Registration of building companies grew by 7.1 per cent to 11,962, while the number of registered or licensed plumbers increased 2.2 per cent to exceed 30,000 for the first time in Victoria. Since 2018-19, the number of plumbers registered or licensed by the VBA has increased by 10.2 per cent.

The VBA continued to inform prospective practitioners about registration and licensing through pre-registration webinars. These sessions provided a clear understanding of the requirements for registration and licensing, and helped address questions posed by potential candidates. The VBA has also been encouraging prospective practitioners to register or become licensed and has taken enforcement action against unregistered or unlicensed practitioners.

Investigating when things go wrong: taking fair, firm and fast action

The VBA's starting point is that individuals want to do the right thing. By delivering sophisticated and targeted enforcement, the VBA is driving behavioural change, using proportionate regulatory responses, and providing authoritative guidance and advice.

The VBA conducts investigations to determine if there is sufficient evidence to prove that a person has breached relevant legislation. Referrals for investigation may be received as an escalated complaint or from external agencies.

This year, the VBA completed 573 plumbing investigations and 362 building investigations, compared to 848 plumbing investigations and 348 building investigations last year.

Investigations focus on:

- establishing the facts or otherwise of a complaint, allegation or other information that suggests a breach of relevant legislation
- collection of evidence in an objective and unbiased manner, while observing the requirements of legislation at all times.

Investigations are often complex and require the gathering of significant amounts of evidence from multiple sources, which takes time. This can involve conducting interviews, preparing reports and detailed briefs of evidence, participating in court proceedings and providing advice and information to industry.

Table 3: Building and plumbing registration and licensing activity

Building practitioner					Plumbing practitioner		
	Company		Natural person				
	2021–22	2020–21	2021–22	2020–21		2021–22	2020–21
Registration applications received	1,636	1,614	2,142	2,861	Registration or licensing applications received	2,708 ⁸	2,937
Registration applications finalised	1,573	1,567	2,185	2,821	Registration or licensing applications finalised	2,877	2,801
Number of practitioners as at 30 June	11,962	11,165	22,319	25,489	Number of registered/ licensed plumbers as at 30 June	30,312	29,674
Number of registrations as at 30 June					Number of registration and licences as at 30 June		
Builder – Commercial	2,784	2,651	5,921	5,804	Drainage work	22,482	22,166
Builder – Demolisher	168	166	435	422	Fire protection work	999	954
Builder – Domestic	10,802	10,001	17,545	16,757	Gas fitting work	20,610	20,255
Building Inspector	47	41	917	768	Irrigation (non-agricultural) work	23,266	22,937
Building Surveyor (limited)	19	16	200	188	Mechanical services work	15,605	15,705
Building Surveyor (unlimited)	104	93	502	513	Refrigerated air-conditioning work	2,116	2,092
Draftsperson	175	178	2,461	2,467	Roofing (stormwater) work	22,403	22,118
Engineer	0 ⁹	155	0 ⁹	3,478	Sanitary work	23,274	22,864
Erector or Supervisor (temporary structures)	7	7	94	97	Type B gas fitting work	613	636
Quantity Surveyor	14	15	139	148	Water supply work	23,579	23,193
Project Manager (domestic)	0	0	33	30			
Owner-builder activity							
	2021–22					2020–21	
Owner-builder certificates of consent issued	5,021					4,746	

8. For year-on-year comparison, this figure does not include returned applications.

9. On 1 July 2021, Company and Natural Person Engineer registrations were repealed as part of the Professional Engineers Registration Scheme Implementation (PERSI) project, which is why the number of registered Company and Natural Person engineers is zero.

Table 4: Building and Plumbing Activity

Building			Plumbing		
	2021–22	2020–21		2021–22	2020–21
Building permits reported	119,970	123,330	Compliance certificates lodged by licensed plumbing practitioners	480,381	435,379
Building permits reported – cost of works (\$ billion)	45.5	41.9	Plumbing modification declarations ¹⁰	32	79
Building permit numbers issued	121,138	125,462			
Building permit numbers issued – cost of works (\$ billion)	44.6	41.0			
Temporary structure occupancy permits issued	54	102			
Technical advice ¹¹ – email enquiries	5,150	6,769	Technical advice ¹² – email enquiries	1,299	2,678
Technical advice – telephone enquiries	9,984	7,444	Technical advice – telephone enquiries	7,178	5,865
Attendees at Building Surveyors' Conference	695 ¹³	727 ¹⁴			
Registration information for aspiring practitioners	22 webinars (681 Participants)	22 webinars (768 participants)	Carbon monoxide and gas safety (jointly delivered with Energy Safe Victoria (ESV) and Master Plumbers Association)	3 webinars (1,228 participants)	8 webinars (2,061 participants)

10. New Plumbing Regulations 2018 removed the need to apply for modifications for installation of sanitary drains to service more than one dwelling if specific requirements are met, reducing the number of modification applications.

11. In 2020–21, the VBA saw an increase in email inquiries and a decrease in telephone inquiries due to the VBA technical phone lines being inactive for a period due to COVID-19 restrictions. In 2021–22, there was an increase in telephone and reduction in email because the call centre was open throughout the year.

12. As above.

13. All 695 attendees participated virtually.

14. All 727 attendees participated virtually.

Table 5A: 2021–22 Practitioner Education Series webinars

Practitioner education series (Webinars)	
Webinar title	2021–22 participants
Site inspections and enforcement – follow up session	902 participants
Virtual Inspections and Audits	966 participants
Proactive Inspections Program Findings – Timber Framing	821 participants
Proactive Inspections Program Findings – Fire Separation	927 participants
Plumbing Performance Solutions – Understanding the Victorian Regulatory Framework	538 participants
Engagement of Stakeholders in the Development of Plumbing Performance Solutions	473 participants
Plumbing Performance Solutions – How to Document Performance Solutions	353 participants
Building Enforcement	799 participants
Proactive Inspections Program Findings – Plumbing Findings	583 participants
Seismic Detailing	327 participants
Total	6,689 participants

Table 5B: 2020–21 Practitioner Education Series webinars¹⁵

Practitioner education series (Webinars)	
Webinar title	2020–21 participants
Performance Solutions – Ensuring Design Success	823 participants
Bushfire Audit Findings	698 participants
Conflicts of interest during design	754 participants
Site inspections and enforcement	1,172 participants
Practitioner insights for cladding rectification	672 participants
Practical application of maintenance determinations and schedules	674 participants
Total	4,793 participants

15. The subject matter of Practitioner Education Series webinars changes annually, which means that direct year-on-year participation comparison is not possible.

Table 6: Building and Plumbing Compliance Activity (Inspections, Audits, and Investigations)

Building		Plumbing		
	2021–22	2020–21	2021–22	2020–21
Building Audit Program		Plumbing Audit Program (PAP)		
Audits completed:				
→ Energy efficiency audits (dwelling)	0 ¹⁶	169 ¹⁷	Plumbing audits and drain inspections completed	9,849
→ Building audits (permits)	287	394	Plumbing audits and drain inspections completed as a percentage of lodged compliance certificates	2.01%
				1.77%
Building investigations completed		Plumbing investigations completed		
Building practitioner investigations completed	362	348	Plumbing practitioner investigations completed	573
Proactive Inspections Program (PIP) (building and plumbing)				
Building permits inspected	13,157	13,083		
Building permits inspected as a percentage of building permits reported (Target: 10%)	10.97%	10.6%		
Statewide Cladding Audit				
Building inspections for cladding	167 ¹⁸	490		
Audits completed	83 ¹⁸	276		

16. The energy efficiency project concluded on 31 July 2020.

17. Audits conducted as part of the 'as-built' compliance energy efficiency project.

18. The number of building inspections for cladding and audits completed reflect Victorian Government policy.

Table 7: Building and Plumbing Enforcement Activity

Building		Plumbing		
	2021–22	2020–21	2021–22	2020–21
Building enforcement		Plumbing enforcement		
Building practitioner disciplinary hearings held by the BPB	1	3	Plumbing inquiries	20 ²¹ 43
Show cause notices issued ¹⁹	156	133		
Prosecutions completed ²¹	11	21	Prosecutions completed ²¹	3 6
Building prosecutions commenced, but not completed as at 30 June ²⁰	66	36	Plumbing prosecutions commenced, but not completed as at 30 June ²⁰	21 5

19. Show cause notices issued include those issued on cladding matters.

20. The Victorian Magistrates' courts continue to be impacted by the COVID-19 pandemic. This resulted in longer than usual adjournment times during FY21–22. This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

21. The number of inquiries held was impacted due to resource allocation.

Table 8: Building and Plumbing Community Activity

Building		Plumbing		
	2021–22	2020–21	2021–22	2020–21
Building complaints received	1,847	1,798	Plumbing complaints received	1,439 1,721



Spotlight on:

A harms-based approach to regulation

In 2021–22, the VBA continued to develop and enhance a harms-based approach to regulation, building on an earlier pilot project which explored the benefits of adopting this approach to regulation.

A harms-based approach will allow the VBA to better use its finite resources to address the most significant harms, and risk of harms, in the built environment.

As a self-funded regulator operating in a context of change and uncertainty, it is imperative that the VBA allocates its resources to issues that most benefit the building industry and community.

In this model, a “harm” in the built environment is defined as a significant threat to community safety, the building industry, and/or the Victorian economy. Complex, multi-dimensional threats currently affecting community safety, the built environment and the Victorian economy are our focus.

A harms-based regulatory approach will focus VBA resources towards the biggest harms and risks in the built environment first before moving onto less urgent harms.

The harms-based regulatory approach complements existing regulatory systems and functions by providing a framework for implementing systemic harm identification and problem solving.

Embedding this approach will be a multi-year journey for both the VBA and the industry.

Phase One, completed this year, included an internal education program to ensure all VBA staff understand what harms-based regulation means. The objectives of this phase were to enhance the VBA’s ability to identify harms and to fully understand the factors contributing to them.

In line with Better Regulation Victoria’s *Towards Best Practice – A Guide for Regulators*, the VBA will progress its harms-based journey during the next few years.

Security of Payment

The *Building and Construction Industry Security of Payment Act 2002* (Vic) (SoP Act) provides mechanisms for building practitioners and subcontractors to obtain payment for work undertaken or for the supply of related goods and services. The security of payment process helps protect construction industry subcontractors and ensure they are paid promptly for their work.

These mechanisms are crucial to ensuring contractors have working capital so they can participate fully in a dynamic industry that contributes to a productive economy.

Adjudication applications

The security of payment adjudication process is managed by Authorised Nominating Authorities (ANAs), who are authorised to perform this service by the VBA. It provides a fast and inexpensive adjudication service for claimants (those owed payment) to recover payment from respondents (those owing payment) without the need for lawyers.

The VBA analyses ANA data as part of the adjudication process. Compared with 2020–2021, the number of adjudication applications in 2021–22 decreased by 14 per cent.

Between 2016–17 and 2019–20, applications increased gradually year-on-year, in response to a change in current circumstances and a general increase in awareness across industry of the security of payment framework. However, since 2019–20 there have been significant decreases in adjudication activity, likely due to disruptions in the construction industry as a result of the ongoing COVID-19 pandemic, labour and materials supply chain challenges, economic forces and worldwide political events impacting the construction industry in Victoria and more generally.

In 2019–20, the VBA began collating data about the registration status of parties to adjudication applications. The data helps the VBA understand who is using the SoP Act and how, as well as how many practitioners are not paying.

Data for 2021–22 showed a reduction from 17 per cent in 2020–2021 to 10 per cent of claimants who were registered building practitioners (RBPs), while there was an increase from 37 per cent in 2020–2021 to 44 per cent of respondents who were RBPs in 2021–22. Consistent with 2020–21, current data also showed that it is predominantly subcontractors (who mostly do not need to be registered) who bring such claims, accounting for 58 per cent of adjudication applications in 2021–22.

The VBA can refuse applications for RBP registration and can take disciplinary action against RBPs for failure to pay an adjudicated amount under the SoP Act.

Evidence suggests that industry practitioners are using the SoP Act for a wide variety of claims across the industry. For example, analysis of 2021–22 adjudication applications indicated:

- Adjudication applications are predominately brought against head contractors (67 per cent) and developers (18 per cent).
- The most common amounts claimed were between \$10,000 and \$24,999, brought predominantly by trade subcontractors across a wide variety of disciplines against head contractors.
- The largest claim was brought by a head contractor for more than \$34 million against a developer.
- The percentage of applications not proceeding to an adjudication determination was broadly consistent with 2019–20 and 2020–21 (38 per cent in 2021–22). This suggests claimants continue to use the application process to resolve and settle matters before adjudication determinations are made by adjudicators.
- Subcontractors continue to be the most prevalent users of adjudication process with 58 per cent of claimant's being trade subcontractors and 20 per cent being major subcontractors.

The objective of the SoP Act is to enable better and prompt payment practices, which benefit the industry and, ultimately, the broader community. The VBA will continue its efforts to ensure building industry subcontractors are well-informed about their right to an effective remedy under the SoP Act.

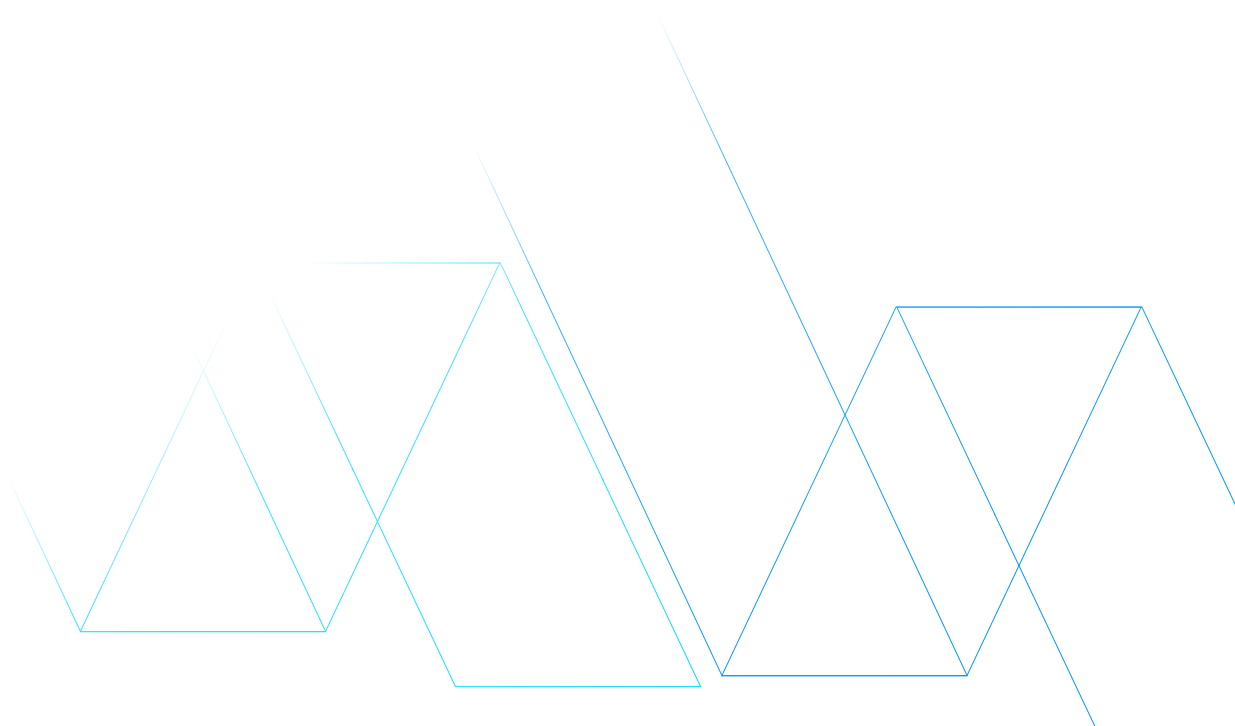
Table 9: Security of Payment

	2021–22	2020–21
Number of adjudication applications	324	370
Total value of amounts claimed (\$ million)	116	220
Number of matters adjudicated	199	241
Total value of adjudicated amounts (\$ million)	30	79

Claim amounts

During 2021–22, adjudication application activity continued to be spread across a broad spectrum of claim values. However, most claims (94 per cent) were for amounts less than \$500,000, and 18 per cent of all claims were for less than \$10,000. Claims for more than \$500,000 were predominantly brought by head contractors and major contractors, with these larger value claims accounting for 81 per cent of the total amounts claimed in 2021–22 for projects located across metropolitan Melbourne and regional Victoria.

The data indicates companies of all sizes are using the SoP Act, however claims are predominantly brought by subcontractors.



Internal review

The internal review process provides a way for practitioners directly affected by a VBA decision to seek an independent review of a 'reviewable decision', free of charge. The review process is an important safeguard under the *Building Act 1993*.

The internal review process considers internal reviews of building registration decisions and disciplinary decisions made by the VBA. Internal reviewers are functionally separate from the registration and disciplinary processes.

Reviewers may consider new information not previously available to the primary decision-maker. In some instances, practitioners engage legal representation, raise legal issues or otherwise respond to the VBA for the first time at the internal review stage.

The internal review process is quicker and less expensive than review applications to VCAT. The process also enables the VBA to identify ways to improve its registration and disciplinary processes.

The risk-based approach adopted in matters such as serious fire safety has seen an increase in disciplinary proceedings and subsequently an increase in the use of the internal review mechanism.

Internal reviews of infringement notices are a separate process and are carried out under the *Infringements Act 2006*. All infringement internal reviews conducted in 2020–21 relate to plumbing offences.

Table 10: Internal Review

Internal reviews	2021–22	2020–21
Internal reviews received for registration decisions	134	106
As a proportion of registrations refused	26%	23%
Completed within 28 days:		
Affirmed ²²	91	76
Amended ²³	0	0
Substituted ²⁴	34	22
Total registration reviews completed	125	98
Internal reviews received for disciplinary decisions	55	22
As a proportion of show cause decisions	37%	22%
Completed within 28 days:		
Affirmed	14	3
Amended	26	13
Substituted	19	2
Total disciplinary reviews completed	49	18
Internal reviews completed for infringement notices	56	36
Total internal reviews completed	230	152

22. Affirmed is when a VBA decision remains unchanged.

23. Amended is when some changes are made to the original VBA decision.

24. Substituted means when the VBA's original decision is replaced with a different decision.

Pillar 2:

A Knowledge Organisation

"Information, intelligence, insights"

We're a data-driven, evidence and intelligence-led organisation. We create and share knowledge and learn from others to continuously improve our work. The research and data we collect and analyse translates into practical, real-life solutions, facilitates industry innovation and helps inform government policy.

Pillar 2: Achievements

Digitalised processes reduced the administrative impost on practitioners and consumers

Digitalisation of licensing and registration processes

To ensure efficient processing of building and plumbing licensing and registration applications, the VBA commenced work to digitise all existing licensing and registration applications, renewals, annual fee and insurance forms into Interactive Online Applications. This will significantly reduce manual-based operations, particularly accepting paper-based forms and scanning large applications and supporting documents. This work is also expected to reduce the number of incomplete and deficient applications received.

The first phase of this work included upgrading the existing Building Activity Management System (BAMS) Portal to an enterprise VBA Portal, which was completed in June. Work remains ongoing to develop and implement online interactive applications for Building Inspectors, progressing early in the next financial year.

Aligned to the digitalisation program is the integration of BAMS users to the Victorian Government portal offered by Service Victoria. This project, Identity Access Management (IDAM), will progressively allow building system participants to use one user account across multiple Victorian Government activities.

Complementing this work is a planned Practitioner Digital Card, which is being developed in collaboration with Service Victoria. A pilot for the Digital Card is planned for 2022–23.

Collectively, these projects sharpen the way the VBA gathers information and shares knowledge, while delivering efficiencies to practitioners and applicants.

Education and training improved skill levels and provided career opportunities

Delivering practical insights, evidence-based strategies and useful resources

The VBA's Practitioner Education Series continued to increase in popularity throughout the year, following its successful launch in March 2021.

The series of masterclass webinars was hosted by VBA technical and subject matter experts, and harnessed the deep and diverse expertise at the VBA to strengthen Victoria's building system. The series supported industry by providing practical insights, evidence-based strategies and useful resources, to enable practitioners to have an improved and consistent understanding of their regulatory requirements to help safeguard Victoria's future.

The webinars discussed some challenging topics, which included seismic detailing and Proactive Inspections Program findings, as well as a three-part series about developing performance solutions for plumbing practitioners. These interactive sessions were attended by approximately 6,700 practitioners, who demonstrated their enthusiasm to attain new information and solidify existing knowledge by asking questions throughout the sessions, which were addressed by technical experts.

Improved opportunities for building surveyors of the future

Building surveyors fulfil a vital role in Victoria's building sector by providing independent oversight of buildings and building work throughout the construction process to ensure buildings are safe for use.

Alongside Victorian Government organisations, local governments and industry associations, the VBA has administered and participated in programs to boost building surveyor capacity and capability, most notably, the Building Surveyor Career Pathway program.

In 2021–22, the VBA jointly administered the Building Surveyor Career Pathway pilot program alongside the Victorian Managed Insurance Authority (VMIA) and Domestic Dispute Resolution Victoria (DBDRV), with six cadets undertaking an 18-month program of role rotations.

The program provided final year students and graduates with a chance to apply their academic knowledge in a dynamic environment, while gaining on-the-job experience. The program was developed to create more career pathways for up-and-coming building surveyors and provide support for the future generation of the industry. Industry stakeholders and practitioners were crucial to the program's success as they provided mentoring and networking opportunities for emerging building surveyors.

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My time in the Victorian Government's cadet program has been an invaluable part of my professional training. I really enjoyed my time in Technical and Regulation as it allowed me to develop my writing and research and referencing skills. After seeing first-hand the devastating effects of poor workmanship and the impacts on homeowners, I enjoyed writing reports on defective and non-compliant work as it amplified my knowledge of common occurring issues within our industry.

As well as the technical skills the program helped me develop, I value the amazing people I have met and the friendships formed. I can also say wholeheartedly that my self-confidence has grown off the back of presenting to the Board both at VBA and VMIA.

Morris Khouzi

Building Surveyor Career Pathways Program Cadet

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Pillar 2: Work continuing

Digitalisation program and renewal prepares the VBA for the future

Aligned with the Victorian Government Digital Strategy 2021–26, the VBA is undertaking a four-year Digitalisation program. This work will help align VBA data and systems technology with our needs as a knowledge-led, risk-based regulator.

The Digitalisation program has four objectives:

- Improving efficiency – Asset renewal and converged systems to provide a consistent user experience, reduce systems complexity, improve cyber security posture and enhance the workforce user experience.
- Improving efficacy – To further enable data driven decision making from a practitioner and site perspective.
- Implementing Interactive Online Applications and portals – 24/7 digital interfaces to allow interaction with the VBA, including online exams, remote video inspections and a practitioner portal.
- Preparing for the future – consolidated and modern systems will allow the VBA to source and share data when appropriate and adjust processes and online interactions for the emerging needs of industry.

Current change streams for this Digitalisation program are:

1. Consolidating multiple Customer Relationship Management information systems to join:
 - Site (Building Activity Management System, longitudinal building data and compliance certificates). This was developed from 2018 to 2020 and the VBA is now focused on ongoing improvements to this system.
 - Participant (practitioner and stakeholder). Consolidated registration data models and processes have been developed and the building registration management system is being migrated to the converged VBA practitioner management system.
 - Case (investigations, complaints, and practitioner discipline).
2. Providing a modern online interface for practitioners and consumers to interact with the VBA:
 - Online exams.
 - An online portal has been developed to allow practitioners to maintain their profile details.
 - The development of Interactive Online Applications for building practitioner registrations.
 - Renewal of VBA corporate systems to support core objectives and modern business administration.
3. Commencement of migration of all systems hosting to cloud-based infrastructure and improved cyber security posture.
4. Expand the VBA's data surveillance and intelligence capability:
 - The VBA consolidated 48 data sources to prepare new analytic dashboards to join VBA, commercial and government data sources. This enables better risk profiling of the building and plumbing activity.
 - Implement the Victorian Government's legislative reform projects, including changes to Building Levy and the implementation of Automatic Mutual Recognition.

During the COVID-19 pandemic and Victorian lockdowns, the Data Office was engaged to support the COVID-19 tracing and reporting of building sites across Victoria. The Data Office developed a COVID-19 Site Reporting Form for inspectors and a COVID-19 Dashboard for both internal and external stakeholders under critical timelines. This helped to streamline increased COVID-19 compliance and tracing requirements and provided the Victorian Government with timely and user-friendly data sets.

Research at the VBA

The VBA has a statutory function to conduct or promote research relevant to the regulation of the building and plumbing industries. The data, evidence and insights provided through research assists the VBA to:

- Identify gaps and tailor regulatory interventions to fix them.
- Enhance practitioner competencies and improve outcomes for the community.
- Support innovation and improvements in the industry.
- Help inform changes to government policy and regulatory approach.

The research the VBA undertakes focuses on achieving one or more strategic outcomes:

- Safe (or safer) building and plumbing work with fewer major defects.
- Skilled and competent practitioners.
- A technologically advanced and innovative industry.

The VBA conducts its own research and also partners with leading, reputable and prominent research institutions and consortiums to undertake research.

Major research program activity in 2021–22 included four managed research projects (where the VBA undertook or commissioned research) and five research projects (where the VBA collaborated on or sponsored research).

The Research Grant Program supported research in critical areas

The VBA launched its inaugural Research Grant Program in late 2020 for commencement in early 2021–22. Under the program, the VBA invited researchers at Australian educational institutions to apply for grants of financial and/or in-kind support for research that helps provide an evidence base to inform regulatory decisions and influence improvements to the building regulatory system and the quality of the built environment in Victoria.

Successful grant recipients from the inaugural program were announced in early 2021–22:

- University of Tasmania – Assessment of mould growth risk in regulatory compliant 6 Star and 7 Star new homes in Victoria.
- Deakin University – Investigating passive fire protection defects in residential multi-owned properties.
- RMIT University – Pre-normative research on the fire safety of solar building envelopes.

The 2022 Research Grant Program focused on research that will assist in reducing moisture ingress and water damage in Victorian buildings. Moisture damage and water ingress is linked to negative impacts on human health and amenity, as well as building structural integrity.

The VBA sought to support research that will find, or contribute to, new and innovative solutions to minimise moisture ingress and water damage and help provide the evidence base to inform regulatory decisions and improvements to the building regulatory system and the quality of the built environment in Victoria.

Applications for the 2022 Research Grant Program opened in January 2022 and closed in March 2022, with 17 applications received from 11 educational institutions across Australia. The VBA decided on these applications in June 2022, with successful applications to be announced in 2022–23.

Safer building and plumbing work with fewer major defects

Examining indoor mould and moisture damage in Victorian residential buildings

What we did and why

The VBA partnered with the Victorian Managed Insurance Authority (VMIA) and Victoria University to undertake research on the scope and causes of indoor mould and moisture damage in Victorian residential buildings. This research seeks to identify opportunities for improvement or reform by undertaking a scoping study of baseline data on indoor mould and moisture damage using VMIA's accepted claims against domestic building insurance (DBI), overlaid with building information from the VBA.

Water damage routinely tops the list of defects encountered in buildings and in complaints to VBA, claims to VMIA and disputes to Domestic Building Dispute Resolution Victoria. Wet areas and water proofing and drainage issues are commonly occurring areas of compliance risk the VBA identifies through its proactive inspections.

What we found

Based on VMIA accepted domestic building insurance (DBI) claims data between July 2018 and November 2020, overlaid with VBA building permit data, of the 2,178 accepted DBI claims within scope, 92 per cent (1,995 claims) had at least one water-related defect.²⁵

A representative sample of 54 claims was selected for more thorough analysis, aimed at identifying relevant factors that are likely to result in indoor mould, and which are indicative of a common root cause. A desktop review of insurance inspection reports, including photographs and building permit documentation, identified patterns and clusters of problematic building work that are likely to result in moisture damage and indoor mould. These issues were attributed to one or more of the following factors:

- Design decisions such as the selection of articulated forms and the inclusion of balconies as part of the design, make it more complicated to effectively weatherproof a building and can have extensive repercussions.
- Design aspirations involving geometric complexities at the external walls that may be exceeding designers' and builders' understanding and technical abilities to design and construct water-tight buildings.
- Poor design documentation that does not incorporate construction detail that meets relevant standards and guidance documents for waterproofing, resulting in non-compliant and poor-quality work that has compromised the watertightness of buildings.
- Misunderstanding or ignorance of requirements in mandatory and guidance documentation for roofing and waterproofing requirements among designers, building surveyors and builders.

25. The research is limited to residential buildings up to three storeys in height involving buildings with accepted defects against DBI policies issued by VMIA over the period. Almost 93% of the 1,995 water-related DBI claims were triggered by builder insolvency.

What difference this made

The research identified improvement opportunities for building design, certification, construction, inspection and improved guidance for waterproofing including:

- Improving practitioner education and awareness around high-risk areas such as balcony design and construction and watertightness of external building envelopes, and the consequences of poor weatherproofing and waterproofing practice.
- Prescribing critical details for inclusion in drawings/building plans.
- Increased supervision of the design and construction of balconies and other high-risk building elements such as roofing and waterproofing through mandatory inspections.
- Use of technology to support safe roofing inspections, such as through drones and reality capture images, and
- Developing guidance and education on protection of construction materials from exposure to weather.

The research also identified the importance of interdisciplinary conversations between the health and building professions to support achievement of healthy buildings.

The VBA is using these research insights to inform PIP and its continuing focus on areas of compliance risks that could cause water ingress and moisture damage. A Practitioner Education Series webinar is planned in the future to provide practitioners with valuable learnings from subject matter experts and to increase awareness of the causes and impacts of indoor mould in Victorian buildings.

The research insights informed a decision by the VBA to focus the 2022 VBA Research Grants Program on research that will assist in reducing moisture ingress and water damage in Victorian buildings. The VBA is also supporting research by the University of Tasmania, through a research grant awarded in 2021, to assess the risk of mould growth in external wall systems used in the construction of new housing in Victoria.

Assessment of mould growth risk in regulatory compliant 6 Star and 7 Star new homes in Victoria (in progress)

What we are doing and why

The VBA is supporting research led by the University of Tasmania through a research grant, in conjunction with the Fraunhofer Institute of Building Physics in Germany, the CSIRO, Master Builders Victoria and Forest and Wood Products Australia, to assess the risk of mould growth in external wall systems used in the construction of new housing in Victoria.

All new homes and some renovations, alterations and additions must comply with the minimum energy efficiency requirements of the National Construction Code (NCC). These requirements aim to reduce the environmental impacts of energy consumption and water usage within the built environment.

The energy efficiency of buildings can be demonstrated through a star rating. Under the Nationwide House Energy Rating Scheme (NatHERS), houses are given a star rating out of 10 stars, based on the energy efficiency of their design. The higher the star rating, the less energy needed to heat and cool the home to keep it comfortable.

The research will analyse Victorian housing information and climate types, the requirements of the NCC, and the risk of surface and interstitial mould growth within typical external wall systems for new housing in Victoria to achieve a 6 Star energy rating, and the likely systems for a 7 Star energy rating.

What we have achieved so far

The researchers have undertaken hygrothermal and bio-hygrothermal simulation-based assessment of moisture accumulation and mould growth risk in regulatory compliant 6 Star new homes in Victoria. Stage 1 of the research focused on mould growth risks that may be present in the typical external wall systems used in the construction of new Class 1 and 2 buildings in Victoria, constructed to the 6 Star energy efficiency standard and the NCC health and amenity requirements of 2019. The second stage will repeat the methodology used in Stage 1, but on simulations representing requirements for 7 Star housing in line with NCC 2022.

Later stages of the research will focus on wall systems identified as posing a higher risk of mould growth over time, and different wall system component arrangements, to identify ways to mitigate the occurrence of mould growth for new homes in Victoria.

This research is due for completion in 2022–23. This research complements other research the VBA is undertaking, including investigating the nature and extent of moisture damage in Victorian residential buildings.

Investigating passive fire protection defects in residential multi-owned properties (in progress)

What we are doing and why

The VBA is supporting research by Deakin University through a research grant to better understand the nature and extent of defects in passive fire safety systems in apartment buildings and the rectification costs associated with remedying them.

An adequate level of fire safety requires all components of the building's fire safety system to function in a coordinated way. While active systems such as smoke alarms and sprinklers are activated when exposed to heat, smoke and toxic gases, passive fire protection systems don't need to be activated manually or automatically because they are built into the structure and fixtures of the building. Passive elements include fire isolated stairways, fire-rated walls and separating floors, self-closing fire or smoke doors, door smoke seals and appropriate exit widths.

The research will review the regulatory system to identify any regulatory gaps and then recommend reforms and solutions to mitigate these types of defects.

What we have achieved so far

The research uses an exploratory research design with a mix of approaches including comparative jurisdictional analysis of regulatory frameworks, analysis of audit and inspection data and semi-structured interviews with a cross section of professionals. The VBA contributed to the research through the provision of building permit and inspections data, and through the State Building Surveyor's participation in an interview.

The research identifies several causes of passive fire protection defects with a lack of knowledge about passive fire safety requirements and poor construction practices as key contributors. Opportunities to reduce these causes are through increased practitioner education, pathways to access construction documentation and proactive quality assurance.

This research is due for completion in 2022–23 and complements other fire safety research undertaken by the VBA, including investigating how improper service penetration of fire and smoke walls can be reduced through behavioural insights.

Monitoring and remediation solutions for combustible cladding on buildings (in progress)

What we did and why

The Statewide Cladding Audit identified residential and public-use buildings with combustible cladding. The Government's Cladding Rectification Program aims to reduce the risks of combustible cladding on residential apartments and public buildings. Cladding Safety Victoria (CSV) works with owners and owners corporations to help them rectify non-compliant combustible cladding. CSV also funds rectification works on buildings found to have high-risk cladding to ensure that they are safe to occupy over the long term.

We are looking for other solutions to make these buildings safe that may be less costly yet safe for use in these buildings, either while waiting for rectification, or as a longer-term solution.

The VBA has supported two Cooperative Research Centre (CRC) Projects that explored potential monitoring and remediation solutions for combustible cladding on buildings.

What we have achieved so far

The VBA's involvement in these projects provides an opportunity to help improve public safety by supporting research to find cost-effective solutions to reduce fire safety risks associated with combustible cladding.

The VBA has collaborated with leading researchers and industry experts in the field and shared our regulatory expertise in the development of two potential solutions:

- an autonomous monitoring and detection system for buildings. The monitoring and detection system is being piloted on a Victorian non-residential building clad in EPS through the deployment of sensors and cameras for off-site digital monitoring.
- a fire-retardant membrane with the potential to be applied to combustible cladding. Testing of the fire-retardant membrane developed under the project is in progress and has been informed by previous research undertaken by the VBA on the fire safety of rendered EPS on Class 2 to 9 buildings of Type A or Type B construction (completed in 2020–21).

Our involvement ensures there is rigorous testing of the potential solutions so that we know if these solutions are fit for purpose and will improve public safety.

Skilled and competent practitioners

Use of behavioural insights to reduce improper service penetrations

What we did and why

Through proactive inspections and Statewide Cladding audits, the VBA identified frequently occurring service penetrations (plumbing, electrical, gas) that can compromise the fire safety of internal walls in class 2 to 9 buildings.

The VBA partnered with BehaviourWorks Australia, a leading behaviour change research enterprise at Monash University, to find out how improper service penetration of fire and smoke walls can be reduced through behavioural insights.

What we found

The research analysed what drives these behaviours and the types of interventions that could make a difference. We engaged extensively with a wide range of stakeholders to create a shared understanding of the behaviours that lead to improper service penetrations. Through a literature review and dialogues with stakeholders and the VBA, BehaviourWorks Australia identified three key themes:

- The design and construct model has implications for behaviour
- Ambiguous regulation and guidelines may exist
- Knowledge gaps may drive behaviour.

Our stakeholders shared what they know about these themes and told us how we could reach target groups. They also suggested ways to promote 'good' behaviours that will lead to correct work practices.

BehaviourWorks Australia worked closely with a target audience of practitioners and industry stakeholders to understand drivers and barriers to desirable behaviours of those working directly on site. From these discussions, BehaviourWorks Australia has helped develop behaviour change tools including visual communications materials designed to influence positive on-site behaviours by practitioners and tradespeople.

While the project included a component of on-site evaluation of the effectiveness of the behaviour change tools, the VBA decided not to proceed with this aspect due to delays associated with COVID-19 restrictions and challenges in finding suitable sites for this evaluation.

What difference this made

Relying on the insights from this project, the VBA has developed a practice note for practitioners with guidance on reducing improper service penetrations. These materials will be released through an education and communications campaign for building and plumbing practitioners.

Insights gained from this research have also informed the development of an enhanced Essential Safety Measures (ESM) framework to frame ongoing regulatory interventions on the maintenance of ESMs in class 2 to 9 buildings.

This research also informs ongoing consumer education initiatives, and compliments other fire safety research supported by the VBA, including investigating passive fire protection defects in residential multi-owned properties.

The regulation and education of building surveyors in Victoria

What we did and why

Building surveyors are important to Victoria's building regulatory framework.

The VBA is responsible for administering a registration scheme for building surveyors, which includes being satisfied that applicants for registration hold the 'prescribed qualification' (i.e., a specific academic qualification and practical experience), or qualifications and experience that are equivalent to the prescribed qualification. Academic qualifications are a key component of the regulatory framework for authorisation to practice as a building surveyor.

For the building control system to operate effectively, and for the VBA to administer the registration scheme efficiently, building surveying qualifications must be designed to support the delivery of graduates who can, combined with appropriate experience, competently apply the National Construction Code (NCC) and the broader regulatory framework when performing the statutory functions of a building surveyor.

To increase our regulatory understanding, we undertook foundational research to:

- understand the evolution of the regulatory scheme for building surveyors in Victoria
- gain insight into the development and content of building surveying qualifications and the extent to which the regulatory scheme for building surveyors has influenced the content of building surveying qualifications, and
- inform ongoing discussion on whether building surveying qualifications meet current and future needs and opportunities to achieve this, and on the education or training needs for building surveyors at both national and state levels.

What we found

The research synthesised extensive information about the evolution of the regulatory scheme for building surveyors in Victoria over time and lays the foundation for a common understanding of the regulation and registration of building surveyors. The research also examined the higher education and vocational training sectors' development of building surveying qualifications and the industry associations' accreditation processes for these qualifications.

The research identified the enrolment and completion rates for building surveying qualifications, the different pathways taken for registration as building surveyors in Victoria and the rates of successful and unsuccessful registration outcomes for building surveyors. An initial finding from this research is that the rate of successful registration outcomes for building surveyors is lower when compared to other registration categories.

The research identified that more information is required to better understand the content of current building surveying qualifications, and how this may (or may not) contribute to successful applications for registration as a building surveyor in Victoria.

What difference this made

The VBA has used these research findings in discussions with key stakeholders to help form a common understanding of the current regulatory framework, its evolution and opportunities for improvement. The VBA will continue to engage with key stakeholders in 2022–23 to test ideas about future research on the development of building surveying qualifications.

The research informs ongoing discussions about reforms to strengthen the building surveying profession, including professional education or training needs for building surveyors at the state and national levels.

Technologically advanced and innovative industry

Pre-normative research on the fire safety of solar building envelopes (in progress)

What we are doing and why

The VBA is supporting research by RMIT University through a research grant to better understand the fire safety risks associated with the installation of solar panels on the facades of multi-storey buildings.

Building integrated photovoltaics (BIPV) is an emerging technology that integrates photovoltaics (PV) into building elements (e.g., external wall cladding, roofs) to harvest solar energy, with the potential to meet the future energy needs of buildings. While it has not yet been widely adopted nationally or internationally, demand for its adoption will likely increase due to a greater need for alternative energy, particularly for high-rise commercial buildings. BIPV is not a conventional passive material in terms of how it might react to a fire but is an active system that may contribute to fire ignition and spread.

Fire safety is a vital concern in the use of BIPV in buildings. It is essential that BIPV use on building facades and roofs to replace conventional building materials does not adversely affect the safety of building occupants and fire fighters, or the structural performance of buildings. Limited studies exist for the building industry to fully understand the fire hazards of BIPV and the requirements applicable to BIPV modules, both as elements for electricity production and as building elements.

What we have achieved so far

The research identifies fire safety hazards of BIPV in terms of ignition, propagation, and hazards to fire rescue operation. The research analyses the current regulatory and industry standards for the different aspects of BIPV including international comparisons.

The research identifies the need for further research on opportunities to reduce hazards relating to BIPV product innovation, development of test configurations to measure and mitigate the risks posed, and investigation of the impact of the risk of electrical shock, toxic gas emissions, and falling debris on evacuation and firefighting strategies.

This research is due for completion in 2022–23, and complements research the VBA is already supporting to achieve a technologically advanced and innovative industry and a safe built environment including projects undertaken with the Building 4.0 Cooperative Research Centre (automated materials tracking); and other fire safety research undertaken by the VBA, including the fire safety of rendered EPS on Class 2 to 9 buildings of Type A or Type B construction (completed in 2020–21).

Building 4.0 Cooperative Research Centre

The VBA is participating in the seven-year Building 4.0 Cooperative Research Centre (CRC), an industry-led research initiative co-funded by the Australian Government.

Building 4.0 CRC commenced in 2020–21 and aims to address longstanding systemic problems in the construction industry including stagnating productivity, limited digitisation or adoption of advances in manufacturing technology, and poor knowledge transfer.

The VBA is supporting the CRC as its program streams (sectoral, digital and building transformation streams) are aligned to the VBA's research focus and will help drive digital adoption and systemisation of the industry.

By participating in Building 4.0 CRC, the VBA is working closely with industry and research leaders who have advanced digital and technological expertise.

To date, the VBA has worked closely with Building 4.0 researchers, industry and other partners to develop projects of mutual benefit that focus on accelerating adoption of digital and new technologies, increasing the digital competencies of practitioners and the automation of building processes. We continue to engage with researchers and industry to develop further projects relevant to the regulation of the building and plumbing industries in Victoria.

ePlanning and eApprovals scoping study

What we did and why

Planning and building approval processes are still largely paper based, which makes them inefficient, time-consuming, and costly for both industry and government. Industry is unable to effectively test its compliance against planning controls and building regulations, track progress of applications, and efficiently track compliance through construction. On the other hand, government agencies handle documents multiple times as they seek input from decision-makers and referral authorities who, in turn, largely work off paper or pdf documents.

This project examined how to integrate existing planning, regulation and policy into new digital building platforms to facilitate digital automatic workflows for checking and compliance testing through the submission of a digital twin, substantially accelerating the time taken to gain pre-construction approvals and improving quality assurance.

The project objective was to develop a road map for the phased design and implementation of a digital platform to facilitate effective, efficient, and timely planning and building permits and approvals, thereby removing unnecessary delays and costs that impose substantial constraints on the building and construction centre.

What difference this made

Digital and information technologies were identified as core enablers to facilitate effective, efficient and timely planning and building permits and approvals. The project examined initiatives in various jurisdictions in Australia and overseas that have demonstrated opportunities and benefits in digital platforms and workflows to expedite approval processes.

The research makes a series of technical and other enabling recommendations that have been developed into a 'roadmap' that includes identification of future technical, process improvement, and legal and regulatory projects and enablers that have been designed to address the complexity, costs and variability of planning and building approval processes.

The roadmap includes further projects and enablers to address the causes of that complexity and associated costs which will help revolutionise current systems to a modern planning and building approval system.

A submission by Building 4.0 CRC, informed by the findings of the research, is cited several times in the interim report by the Legislative Council Environment and Planning Committee's *Inquiry into protections with the planning framework*.

Automated tracking of construction materials for improved supply chain logistics and provenance (scoping study) (in progress)

What we did and why

The construction supply chain is one of the critical enablers for the construction industry, but also poses challenges and risks. This is mainly due to the typical make-to-order nature of the construction supply chain, which is often unstable, highly fragmented and geographically dispersed. The ability to track and trace construction materials is becoming increasingly important as it contributes to and is associated with project efficiency, safety and building compliance, sustainability and performance.

This project aims to understand the state-of-the-art traceability in the construction industry and key stakeholder perspectives, as well as to recommend future research.

What we have achieved so far

The project has examined the building supply chain and assessed emerging tracking technologies (e.g., sensors, visual tracking, information systems, data collection) for building-industry appropriateness. This is aimed at providing recommendations for the implementation of automated and secure material and assembly tracking to improve project performance and establish ongoing material provenance and regulatory compliance. Technologies were assessed against a sectoral shift towards smart contracts and ecosystem-based, rather than a linear supply chain, focusing on systems that allow real-time project progress monitoring, enable ongoing traceability, and future integration into product certification systems.

The project will deliver a review of industry technologies and case studies for material provenance and supply chain efficiency, and a scalable roadmap for implementation of sensor tracking including data integration with digital twin to achieve improved quality assurance and regulatory compliance. This project is due for completion in 2022–23.



Spotlight on:

Reducing water ingress and moisture damage in buildings

Moisture ingress and water damage to buildings because of building and plumbing work across different stages of the building life cycle continues to be an issue impacting Victorian residential buildings. Moisture ingress and water damage in buildings is linked to negative impacts on human health and amenity, as well as building structural integrity.

Research aimed at minimising water ingress and moisture damage in Victorian buildings aligns to the VBA's focus on achieving safe (or safer) building and plumbing work with fewer major defects, skilled and competent practitioners and a technologically advanced and innovative industry.

The VBA completed one water-related research project in 2021–22 and had another in progress:

Examining indoor mould and moisture damage in Victorian residential buildings (completed)

Assessment of mould growth risk in regulatory complaint 6 Star and 7 Star new homes in Victoria (in progress)

Affirming this research priority, the 2022 Research Grant Program invited researchers at Australian educational institutions to apply for grants of financial and/or in-kind support for research that will assist in reducing moisture ingress and water damage in Victorian buildings.

Through research grants (to be announced in 2022–23), the VBA is seeking to support research that will find, or contribute to, new and innovative solutions to minimise moisture ingress and water damage and help provide the evidence base to inform regulatory decisions and improvements to the building system and the quality of the built environment in Victoria.

Pillar 4

A Forward-Thinking Business

"Future ready"

We're a contemporary and resilient organisation that looks to the future. Our robust risk management, financial administration and digital infrastructure are sustainable, adaptable and future ready. By looking to the future, we drive our performance and design our organisation to get there.

Pillar 4: Achievements

Technology improvements enhanced the digital experience for practitioners and consumers

As Victoria's building and plumbing regulator, the VBA is tasked with not only responding to the current regulatory environment but preparing itself for further change and growth.

In line with Ministerial expectations and a strong desire to deliver better practitioner and consumer value through greater efficiency and enhanced digital experiences, the VBA has progressed our digitalisation strategy this year.

During the year, the VBA improved how practitioners interact with us. This work included digitising application processes, implementation of a smart logbook, streamlined application requirements for Building Surveyors and Inspectors and improved Licensing and Registration pages on the VBA website. The benefits of this work include reduced time to prepare and submit an application and self-paced progression through the application process. This increases the quality of applications received and reduces the VBA's decision timelines, ensuring successful applicants can attain their registration or licence sooner.

Another key project that demonstrated the VBA's enhanced digital infrastructure and posture as a forward-thinking business was the introduction of online exams. Since being introduced in July 2021, 481 exams have been completed by applicants at a time and place that suited them. Of the 481 exams, 30 per cent were completed outside business hours, including 14 per cent on weekends and public holidays. To date, more than 500 hours have been saved by practitioners in reduced travel time and time away from their primary occupation, while the average wait time for application processing has improved by nine days.

A Vision27 evaluation framework will allow us to measure progress

The development of the VBA's 2022–27 strategic plan, *Vision27*, encapsulated the VBA's evolving strategic and operating context.

In 2021–22, VBA progressed development of a *Vision27* evaluation framework to measure progress towards and achievement of the specific regulatory and operational outcomes across *Vision27*'s five strategic pillars:

1	A Trusted Regulator.
2	A Knowledge Organisation.
3	A Strength-Based Workplace.
4	A Forward-Thinking Business.
5	An Effective Connector.

Monitoring and evaluating performance are critical activities to demonstrate the achievement of the VBA's objectives and vision, and to ensure that the VBA continues to contribute to its identified three public value outcomes: safe and resilient buildings, communities reaching their potential, and a confident and thriving industry.

The framework outlines intended outcomes from each strategic pillar, and corresponding success measures, as well as evaluation activities to be conducted over the life of *Vision27*.



Our strategic and operating context is continuously evolving. Victoria's population is projected to increase by an additional three million in the next 30 years. This means more demand for housing, public amenities and infrastructure, particularly in Victoria's growth areas. At the same time, COVID-19 has changed the way we use our homes, and how we live, work and play, which will impact on how we plan and create the built environments of the future.

Sue Eddy,
CEO, VBA



Maturing risk processes added long-term value

Since the VBA endorsed a three-year risk plan and revised risk framework in July 2021, its risk and assurance function has significantly grown in maturity.

At the end of the previous financial year, the VBA reached a risk maturity of 56 per cent based on Victorian Managed Insurance Authority's Risk Maturity tool. Within the three-year risk plan, the VBA set an aspirational target of 70 per cent for 2021–22 and achieved a Risk Maturity Score of 72 per cent.

A key driver of this shift has been the VBA's acceptance of the fundamental philosophy that risk and assurance add and protect value, and will contribute to informed decision-making in a proactive way. This philosophy is now embedded in the risk management framework, which emphasises assurance, efficiency, practicality, and integration into existing processes and approaches.

Strong organisation-wide engagement and support have also been key to the VBA's risk management successes. The newly created internal risk champion network was a crucial element in embedding a risk and assurance mindset across the organisation. In addition, support from the executive leadership team and senior leaders has assisted with developing efficient process and a more robust assurance approach, including tools such as a compliance reporting list, financial compliance report and attestation checklist.

In 2022–23, the VBA will build on this success and will extend to using risk management to identify proactive improvements across the VBA, and integrating risk-based decision making across VBA systems and processes.

Activity-based costing helped to ensure robust financial administration

As a self-funded regulator, it is imperative the VBA enacts robust financial administration to ensure our business systems and processes are sustainable, adaptable and future ready. By modernising our funding pathways, cost structures and risk-based intelligence, the VBA is ensuring it delivers efficient and cost-effective services.

The VBA's implementation of activity-based costing sought to understand whether regulatory functions are appropriately funded in a sustainable way, to ensure the VBA can regulate effectively. By undertaking a thorough evaluation and consultation across the organisation, the VBA identified which revenue streams could benefit from an overhaul to better reflect the cost-of-service provision in the current regulatory environment. By doing so, this identified opportunities for refinement and improvement, while strengthening the VBA's funding pathways and cost structures.

Pillar 4: Work Continuing

Partnering with Services Victoria to deliver a one-stop identity checkpoint

To enhance the digital experience of practitioners, the VBA is partnering with Services Victoria to develop an online Identity Verification (IDV) process for practitioners. Following receipt of funding from the Department of Treasury and Finance and in response to the Minister's Statement of Expectations regarding an improved user experience with digital technology, IDV aims to validate a combination of government-issued documentation through facial-binding checks, to provide the VBA with a reliable service to authenticate practitioner information. IDV aims to reduce the number of instances identity information is collected for applications, saving practitioners time, while streamlining VBA processing and assessment procedures. This year, a pilot program involving building inspectors was successfully deployed, with further expansion expected in future.

Improving ongoing financial sustainability to provide scalable regulation

Since 2013–14, the value of building works in Victoria increased by 86.3 per cent, building permits by 31 per cent and individuals registered as building practitioners by 22 per cent. The VBA created a fairer building practitioner fee structure to support future growth in the building industry and allow the VBA to continue to improve how practitioners interact with the VBA when applying for or renewing registrations and address industry preferences for digital channels to reduce the administrative burden on practitioners.

Resetting the building registration fees is a step towards improving the VBA's financial sustainability and to allow the VBA to continue to protect consumers and provide greater regulatory oversight over building practitioners.



Spotlight on:

Online exams

In July 2021, the VBA launched a new online examination format to make it quicker and easier for building practitioner applicants to sit their registration exams.

The online examination format is secure and easy to use anytime, anywhere, and with more flexibility for applicants and reduced travel time, resulting in a more accessible and efficient exam process.

Online exams position the VBA as a forward-thinking business by utilising digital infrastructure to ensure more effective regulatory practices. By administering online exams, the VBA reduces assessment marking time and administrative duties, resulting in gained practitioner and organisational efficiencies.

To date, more than 500 hours have been saved by practitioners in reduced travel time and time away from their primary occupation, while the average wait time for application processing has improved by nine days.

To preserve the integrity of the assessment process, applicants use a secure log-in function that validates their identification. This eliminates the risk of fraudulent activity and prevents users from accessing unauthorised information sources, taking screenshots of exam questions, or having someone else present during the exam.

To mitigate the impact from COVID-19 imposed lockdowns on assessment processes and to ensure the safety of invigilators and applicants, commencing in 2020, the VBA expedited its plan to convert all paper-based building exams to an online format.

The VBA engaged with industry stakeholders to increase awareness and inform them about the benefits of online exams. The VBA will continue to engage with industry to ensure the new format remains accessible and fit-for-purpose.

Since deployment, 29 online building exams have been developed and are in use.

The adoption of online exams is part of the VBA's digitalisation, which will give industry, practitioners and consumers better access to VBA services, supporting an enhanced customer experience.

The VBA is currently working to make online exams available for the remaining building registration and plumbing licence classes.

Pillar 5: An Effective Connector

“Bringing people and thinking together”

We have a unique line of sight to Victoria’s building industry. We use the deep and diverse expertise at the VBA to engage with consumers, government, other regulators, and industry to strengthen Victoria’s building system. Together, we span boundaries, work towards shared outcomes and amplify our positive impact.

Pillar 5: Achievements

The Building Surveyors' Conference connected hundreds of industry minds

Hundreds of practitioners came together on 23 and 24 March for the VBA's 2022 Building Surveyors' Conference.

The Building Surveyors' Conference is a key component of the VBA's activities as an effective connector. Through it, the VBA brings together government and industry, while seeking to strike the balance of enforcing standards and policy and supporting the industry.

Six hundred and ninety five building surveyors, building inspectors, students, support staff and other building and plumbing practitioners came together at the free and fully virtual conference to learn and share knowledge around the theme of 'navigating the evolution'.

The theme recognised the building sector is continuously evolving, with transformational reforms underscored by increasing demand from growing populations, changing expectations and new technologies.

This conference has grown to become the VBA's flagship annual event, with this year's agenda exploring some of the biggest issues, challenges and opportunities facing the building surveying profession. It explored how building surveyors, regulators and practitioners can navigate the changes, raised the role of new and evolving technologies that enable surveyors and gave perspectives on industry growth and career sustainability.

Events included panels of industry experts discussing regulatory reform such as the Code of Conduct for Building Surveyors, emerging trends such as risk-based regulation, and tailored breakout sessions for private and municipal building surveyors.

Recordings of conference sessions are available at vba.vic.gov.au/surveyors/conference.

Comprehensive engagement delivered strong stakeholder support for *Vision27*

During 2021, the VBA engaged stakeholders through collaborative forums and workshops to explore the strengths and opportunities of the five pillars within the *Vision27* strategy. As regulator and connector, the VBA co-created a strategy with stakeholders that had the support of government and industry alike. This meant the VBA could launch *Vision27* knowing it had the support and buy-in from these stakeholders, who are integral to helping the VBA deliver on its vision of safeguarding Victoria's future.

Market research helped us understand and respond to the needs of stakeholders

In 2021–22, the VBA undertook market research to gather information to help refine business systems, improve regulatory intervention programs and respond to the needs of key stakeholders. This research is made up of three separate engagement components:

- Building practitioners, plumbing practitioners and consumers to understand their communication channel preferences, to help us improve the way we interact with them.
- Building and plumbing practitioners who have been involved in our Proactive Inspection Program (PIP) or Plumbing Audit Program (PAP), to help us understand their awareness and perceptions of their interactions with these programs and identify opportunities for improvement.
- Stakeholders with whom the VBA has a close working relationship (such as industry bodies and co-regulators), to help us understand their perceptions of the VBA to inform future activities and strategies.

The market research results highlight useful information to help shape the VBA's future communication channels; improve our flagship regulatory interventions through the PIP and PAP programs and inform future activities and measurement of outcomes identified in *Vision27* and the 2022–23 Annual Plan priorities.

Communication preferences research

In November 2021, approximately 31,000 building practitioners, plumbing practitioners and building owners were invited to complete an online survey about their current use of VBA channels to communicate with and receive information from the VBA, to identify their channel preferences, and to explore their appetite to utilise other digital communication channels. There were 764 responses to the online survey (response rate of 2.5 per cent). Ten qualitative interviews were conducted in December 2021 to develop a more detailed understanding of stakeholder experiences and perceptions.

The research identified the VBA website and email were the most commonly used communications channels. Most respondents were interacting with the VBA in the way they wish to – digital channels are preferred for transactional activities, but many would prefer to use email more often. Phone is preferred when asking specific (especially technical) questions. The website was the highest performing channel, and telephone the lowest. Positive sentiment was expressed for the online Practitioner Education Series webinars, online registration assessment interviews and online registration awareness sessions. Moderate appeal existed for four potential communication channels tested, with a smartphone app (48 per cent) and messaging app (42 per cent) recording the highest levels of likely use. The VBA is exploring these channels of communication for future delivery.

Regulation intervention perceptions research

In November 2021, approximately 7,000 builders, building surveyors and licensed plumbers were invited to complete an online survey exploring their experiences with the VBA's regulation and proactive monitoring activities, with a particular focus on PIP and PAP, to understand current awareness of and engagement with these programs. There were 482 responses to the online survey (response rate of 6.9 per cent). From those who responded to this perceptions research, ten qualitative interviews were conducted in January 2022 from those who responded to this perceptions research to develop a more detailed understanding of stakeholder experiences and perceptions.

The research identified general awareness of PIP and PAP was high. Around two in three builders and building surveyors felt well informed about the PIP, and three in four plumbers felt well informed about the PAP. Most saw value in the programs for industry and consumers through early identification of compliance risks. Those who had prior awareness and understanding of the programs expressed more positive sentiments compared to those who had not.

Major stakeholder perceptions research

In April and May 2022, a series of 30 in-depth interviews was conducted with the VBA's major stakeholders, to understand their perceptions of how the VBA is performing in relation to three regulatory pillars outlined in *Vision 27*:

Pillar 1: A trusted regulator,

Pillar 2: A knowledge organisation, and

Pillar 3: An effective connector.

Key insights from the research show broad stakeholder understanding and support for *Vision27*, with positive sentiment expressed for the three pillars as a sign that the VBA is stepping forward in the right direction. The pillars also align with stakeholder perceptions of the VBA's core functions. The research also identified opportunities for the VBA to continue to engage closely with these stakeholders in shaping how it delivers on these three pillars over the next five years.

Improved communication of critical information assisted practitioners and industry

As part of *Vision27*, the VBA refreshed the way it communicates information to practitioners and industry.

The former State Building Surveyor Technical Update was replaced by two VBA Technical Bulletins, separately focused on building and plumbing, allowing practitioners to receive information most relevant to them. These bulletins will continue to be refined to meet practitioner needs.

VBA Mail, the VBA's flagship newsletter, sent to more than 60,000 people, continued to provide information and insights stakeholders can't access anywhere else, including detailed analysis about inspections, registrations and compliance trends.

Pillar 5: Work Continuing

Building Reform Implementation

Automatic Mutual Recognition

In 2021–22, the VBA's legislative reform work has mainly focused on Automatic Mutual Recognition (AMR), with ongoing input to other emerging initiatives, including Trades Registration and Continuing Professional Development.

AMR is a national scheme allowing individuals to use their home state or territory occupational registration or licence to work in other participating Australian states and territories. AMR allows individuals who hold registration or licences in an Australian state or territory to perform those same permitted activities in another part of Australia, subject to some exceptions. At 30 June 2022, AMR is limited to the following states and territories: New South Wales, Tasmania, South Australia, Australian Capital Territory, Victoria and Northern Territory.

On 1 January 2022, AMR commenced in Victoria for building practitioners, except building surveyors and building inspectors. The VBA developed business procedures and updated content on its website to enable interstate practitioners to make a notification that they intend to participate in AMR.

During 2021–22, the VBA also prepared for the expansion of AMR from 1 July 2022. This second phase of the scheme included eligibility for all classes of building inspector and all classes of registered plumber, except for registered plumbers in the Gasfitting, Fire Protection, Mechanical Services, Roofing (Stormwater), Type A Appliance Conversion, Type A Appliance Servicing, Type B Gasfitting and Type B Gasfitting Advanced classes.

In 2022–23, the VBA will undertake a project to fully integrate AMR practitioners into longer term technology platforms, which will enable more customer-focused digital service delivery to these practitioners.

Trades Registration and Continuing Professional Development

The Trades Registration initiative will introduce a regulatory regime for trades practitioners operating in the building industry, commencing with carpenters in the first of several tranches. The Continuing Professional Development (CPD) proposal will introduce mandatory CPD activities for building and plumbing practitioners to ensure competency is maintained. The VBA has had input into the development of draft

Regulations and a Regulatory Impact Statement relating to both of these initiatives. The VBA will continue to support DELWP in its development of these proposals.

Engagement with Better Regulation Victoria to improve regulatory approach and principles

The VBA has been an active participant in Better Regulation Victoria's (BRV) development of the 'Towards Best Practice Principles', which were published in May 2022. These 10 principles for good regulatory practice are grouped under three themes, and support regulators in their journey towards best practice. The adoption of these principles is linked to the VBA's posture as a forward-thinking regulator.

Aligned to these principles is BRV's health check with regulators, which the VBA underwent during 2021–22. The VBA actively engaged with BRV to focus on the VBA's harms program, proactive inspections and regulatory communications. The health check identified the VBA has made significant progress at becoming a harms-based regulator and as this embeds further, it will be reflected in all the activities carried out by the VBA.

Improving how practitioners and consumers contact the VBA

At the centre of the VBA's customer experience is the VBA Call Centre, which acts as a key connector between the VBA and practitioners and the Victorian community.

During 2021–22, the volume of calls received increased due to a change in the communication patterns of consumers and practitioners, particularly as COVID-19 restrictions were imposed, limiting the opportunity for face-to-face engagement.

More than 109,000 calls were received by the VBA Call Centre during 2021–22, with a monthly peak of 10,413 in April 2022.

To enable the VBA to better connect with practitioners and consumers, a new channel management system has been proposed. It is intended that the current telephony system will be replaced by an omni-channel communication platform. As at 30 June 2022, a tender was issued with submissions under assessment. Once procurement is completed, the successful supplier is expected to implement the new system during a three-month period.



Spotlight on:

Build Aware

Established in 2016, Build Aware is an educational campaign that involves partnership between the Victorian Building Authority, WorkSafe Victoria, Energy Safe Victoria, and Environment Protection Authority.

Build Aware increases the construction industry's awareness of laws that apply to them and equips industry with new information, tools and support to prevent harm to human health and the environment. Targeted week-long activities are conducted three times a year, including presentations to apprentices at TAFEs, in-person information sessions and unannounced inspections.

This year, inspectors visited construction sites in Geelong, Bendigo and the Latrobe Valley to identify non-compliant building and plumbing work as part of the Proactive Inspections Program. A focus on early detection of non-compliant work allows for quicker and more cost-effective solutions from practitioners that ultimately reduce the burden for homeowners.

The campaign has been positively received by practitioners, who have gained knowledge and expertise thanks to insights from VBA inspectors and technical experts visiting their communities.



3

**OUR
PEOPLE**

Pillar 3:

A Strength-Based Workplace

"One voice, one VBA"

We're one cohesive and diverse organisation and are serious about talent and flexibility. Our people are the foundations of our adaptable, strength-based culture, and are empowered to build their own career pathways and maximise their positive impact for Victorian communities.

Pillar 3: Achievements

A Reflective Year

Living and working through a pandemic has changed the way many of our people live and work. Reflecting on what is important individually and organisationally has been a constant theme across the VBA this past year.

There have been many achievements, and there have also been opportunities to take stock and think about what can be done better and different. A strength-based workplace relies on continuous learning underpinned by reflection. There have been internal and external perspectives sought about our people and leadership capabilities, and the gaps in our people and culture strategies that will need to be elevated in support of *Vision27*. These reflections provide an excellent baseline from which to develop priorities for the coming year and beyond.

Gender equality has been positioned as a key priority

The VBA's inaugural Gender Equality Action Plan 2022–2025 (GEAP) was submitted to the Commission for Gender Equality in the Public Sector on 31 March 2022.

The GEAP is embodied within the VBA's strength-based workplace strategic pillar, which embeds a one-voice, one-VBA culture into everything the organisation does. To allow the VBA to operate as a cohesive and diverse organisation, the GEAP is a key tool for translating the VBA's commitment to working towards gender equality. It defines goals and actions to achieve over the next four years. Priority areas include:

- Continuing to create a safe, accessible, equitable and inclusive environment
- Ensuring equitable access to employment opportunities and outcomes, with a focus on women in the building industry
- Building knowledge competency in gender equity (including pay equity) and intersectionality principles to leverage diversity in key decision making
- Embedding flexible and hybrid ways of working
- Providing an exemplary employee experience
- Reflecting the community.

We supported women to succeed in leadership

Women and Leadership Australia (WLA) is a peak body dedicated to developing female leaders and supporting the increased presence of women in leadership roles. WLA runs three Women in Leadership Programs: Leading Edge, Executive Ready, and Advanced Leadership.

Following three VBA women completing WLA programs in 2020–21, the VBA supported seventeen additional women to take part in WLA programs in 2021–22, affirming the VBA's stance of supporting women to thrive and further their careers.

Affirmed and supported gender diversity

Recognising how powerful language is in making people feel comfortable and respected, the VBA made space in our email signatures for people to specify their gender pronouns. Affirming people's gender identities is a small gesture and one we are glad to have made.

Bolstered technical and regulatory capability

The VBA's regulatory approach establishes a strategy to regulate Victoria's building and plumbing industries, and sets out the goals and outcomes the regulator is committed to working towards. To safeguard Victoria's future and enable efficient and modern regulation, the VBA has been actively recruiting knowledgeable, skilled and capable leaders to bolster the organisation's technical and operational capabilities.

Since 2019, the VBA's technical expertise has been enhanced with the appointment of Andrew Cialini as the State Building Surveyor. Building on this appointment were the key appointments of a Principal Fire Safety Engineer, Principal Structural Engineer, Chief Risk Officer, Chief Data Officer and Executive Director, Building System Technology. These appointments demonstrate the VBA's commitment to and investment in the technical skills required to lead and regulate a dynamic building industry and build a strength-based workplace.

The VBA continued this investment in technical skills and expertise in 2021-22, with two key appointments.

Appointment of the Principal Plumbing Specialist

In June 2022, the VBA appointed experienced mechanical engineer Anwar Gayed as the regulator's first Principal Plumbing Specialist. Mr Gayed's role is focused on providing expert advice on complex and significant plumbing matters to the State Building Surveyor and other key stakeholders. The appointment of Mr Gayed was another important step in boosting the VBA's technical and strategic development in the plumbing sector, and forms part of a team of leading experts in Fire Safety Engineering, Structural Engineering and Building Surveying.

Appointment of the Chief Operations Officer

In May 2022, the VBA appointed Ann King to the role of Chief Operations Officer. As a highly experienced and credentialed public servant with multi-jurisdictional experience, Ms King is a values-driven people leader who applies strategic and design thinking to delivery and implementation. This role includes oversight of licensing and registration, discipline and enforcement and cladding business units, which are crucial to the VBA's role as a trusted regulator, ensuring fair and just outcomes to keep Victorians safe.

Upskilling our people

The VBA is committed to empowering and supporting our people to realise their potential. Integral to this is ongoing learning and development, which provides the opportunity to address gaps in knowledge or capability, strengthen skills and maintain engagement. The 70:20:10 model is used by the VBA to outline a proportional breakdown of different types of learning. This model details that 70 per cent of learning is on-the-job, such as shadowing, higher duties, secondments or special projects. Twenty per cent of learning and development includes formalised peer learning and exposure to other people's work. This includes coaching, access to networks and delegation of small management tasks to provide for supervised exposure to higher duties. Formal education such as courses, qualifications, seminars, conferences, research and in-house training comprises 10 per cent of the VBA's learning and development model. While used as a guide only, this model provides a holistic suite of learning and development opportunities.

In 2021-22, the VBA invested in broadening the capability of our people to enable best-practice regulation that helps create built environments of the future to support Victorian liveability and livelihoods.

To carry out the VBA's compliance and enforcement functions and navigate a complex building and plumbing regulatory system, members of the VBA's Inspections team undertook Authorised Officer Training. This training enhanced and refreshed knowledge, and provided the opportunity to reinforce the VBA's Compliance and Enforcement posture and the important role Authorised Officers undertake.

The VBA Investigations team undertook an educational program to uplift their qualification to a Certificate IV in Government Investigations. This course not only covered the broad range of skills required to operate without supervision in a government investigations environment, but had a particular focus on meeting the ethical and legislative requirements of the public service.

The VBA is continuously working to ensure its regulatory practices deliver public value for government, industry and the community. To aid the modernisation of Victoria's building system, including the system's regulatory oversight functions, VBA managers undertook Change and Risk Management training. To prepare, equip and support our people through change is important, so they can successfully adopt and deliver the desired outcomes. By equipping managers with a structural, flexible methodology and understanding of Change and Risk Management, the VBA can maximise its impact and value to the Victorian community.

Incorporated increased flexibility and equality in our Enterprise Agreement

The Victorian Building Authority Enterprise Agreement 2020 was approved by the Fair Work Commission on 12 July 2021 and came into effect on 19 July 2021.

The most significant change enacted by the new Agreement is the promotion of greater gender equality in the workplace by including new Gender Equality principles, increasing paid parental leave for both primary and secondary carers, superannuation paid during parental leave, enabling progression for primary carers returning from parental leave, and a commitment to develop the Gender Equality Action Plan.

Cemented a commitment to flexibility

Hybrid working is our new normal and flexibility has been embedded as a key principle for working at the VBA.

To support the physical and psychological safety of its people, the VBA championed a multifaceted, and where appropriate, targeted approach to health, safety and wellbeing. This included promotion of a range of short and long-term flexible work options such as job sharing, part-time work, flexible start and finish times and work hours, compressed work weeks and fortnights and the opportunity to purchase additional leave.

Supported Victorian communities in response to natural disasters

Building on our response in the immediate aftermath of Victoria's 2020 bushfires and 2021 storms, the VBA continued to support and engage with impacted communities, local councils and other government agencies, particularly regarding Victoria's bushfire response.

The VBA monitored rebuilding efforts and worked with building practitioners so that rebuilding work was safely conducted, protecting property and communities in bushfire-prone areas.

Part of this monitoring was a suite of audits on the rebuilding work, which identified some cases of compliance requirements not being sufficiently documented. The VBA was able to intervene at an early stage and ensured these issues did not pose an immediate risk to the communities.

The VBA engaged with industry in the bushfire-prone areas to quickly rectify these issues and further educate practitioners on the importance of robust processes for carrying out and documenting building design, materials and components, and construction methods. This included an industry presentation as part of the Practitioner Education Series and a Bushfire Audit Report.

The VBA engaged a bushfire recovery expert to advise affected communities on the best ways to rebuild while complying with regulatory requirements and mitigating risks including for digital communications, temporary accommodation, and demolition and clean-up.

The VBA continues to facilitate a forum for bushfire and storm impacted councils and other government agencies to encourage information sharing and collaboration in the face of the challenges posed by these natural events. The VBA actively participates with other government agencies to review the regulatory environment and identify improvement opportunities for future recovery efforts.

Pillar3: Work continuing

Renewing a commitment to health, safety, and wellbeing

In 2021-22, the VBA introduced a new health, safety and wellbeing policy that, as a Board-endorsed policy, highlighted the importance of health and safety. The new policy is aspirational, moving beyond legislative compliance to a greater commitment to VBA people, contractors and others such as practitioners, members of the public and visitors who are affected by VBA activities. In response to the needs of VBA employees and contractors, the new policy includes proactive management of psychosocial safety as well as physical safety.

Our workers' health, safety and wellbeing are integrated in all facets of VBA operations and activities, and the policy supports all employees' right to stop any activity that they consider unsafe or harmful to any person's health or wellbeing.

The VBA will continue to consult employees and their representatives and contractors and their employees on these issues and evolve our decision-making processes as required.

Reviewing and improving VBA culture

The VBA is committed to becoming a strength-based workplace and has commenced assessing its culture and seeking advice on how it can be improved.

Following allegations of bullying and workplace culture issues at the VBA, the VBA Board commissioned an Independent Inquiry, led by Mr Greg Smith AM to review these matters.

The Inquiry will make recommendations to the Board on actions the VBA can implement to continuously improve its culture and embed the values and behaviours that are the foundation of a cohesive workplace.



Spotlight on:

Positive action towards gender equality

The VBA developed a Gender Equality Action Plan (GEAP) to improve gender equality in the workplace and embed a culture of support across the organisation.

The plan was developed in response to Victoria's *Gender Equality Act 2020* (the Act), which commenced on 31 March 2021. The Act aims to improve workplace gender equality in the Victorian public sector, universities and local councils.

The VBA conducted a comprehensive Gender Equality Audit to establish a baseline of information about gender equality in the organisation and leveraged existing VBA data and consulted with our people to gather information, which was used to develop the GEAP.

The GEAP is a rolling four-year plan that identifies clear opportunities for improvement and a set of targeted, practical strategies to proactively build a more gender inclusive culture at the VBA.

Actions in the VBA's GEAP include:

Striving to break down systemic barriers to reach and maintain 50% representation of women at the VBA.

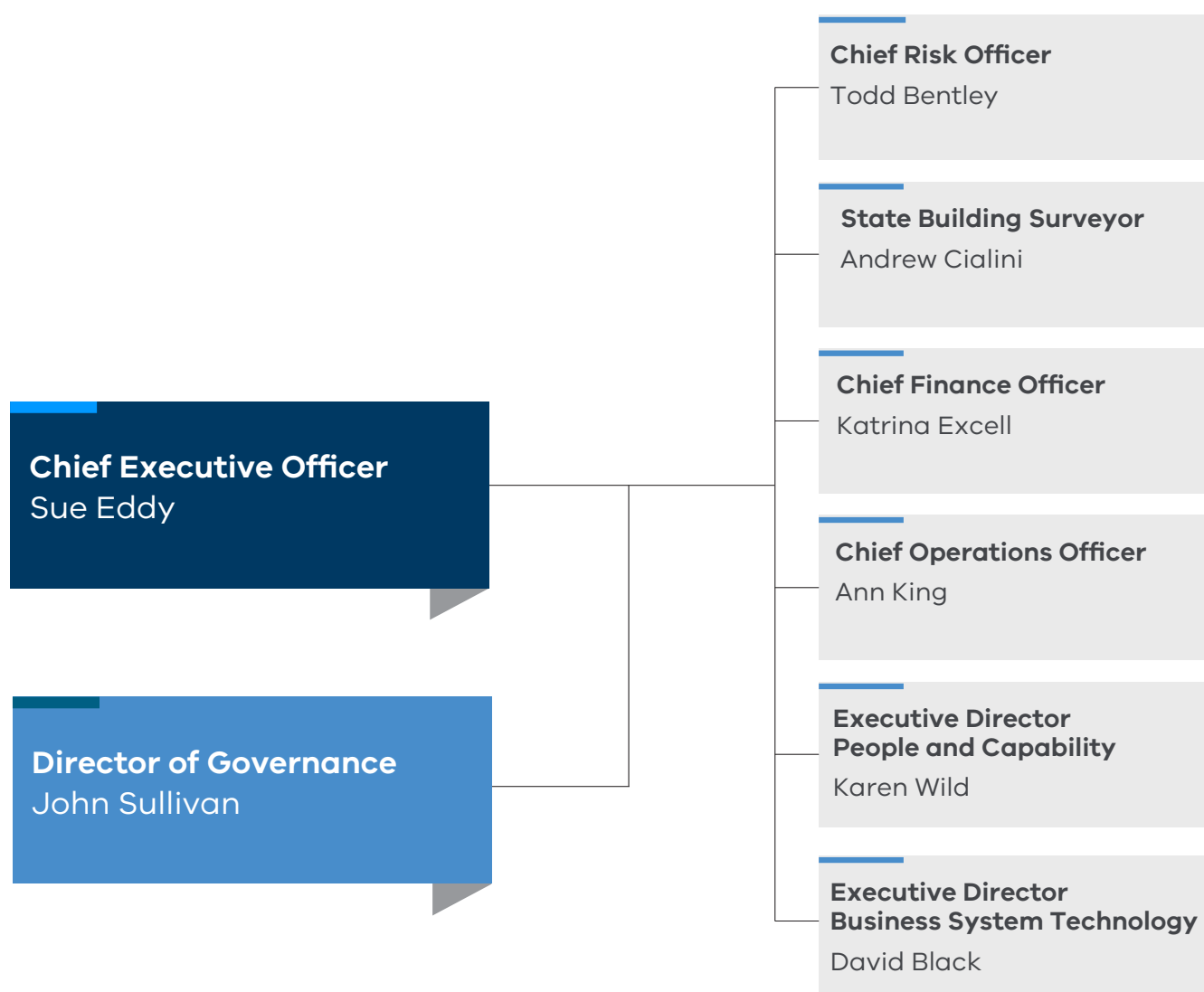
Collecting intersectionality data on Aboriginal and Torres Strait Islander, disability, cultural identity, faith, LGBTIQ, and determine distribution across all classification levels, including leadership levels.

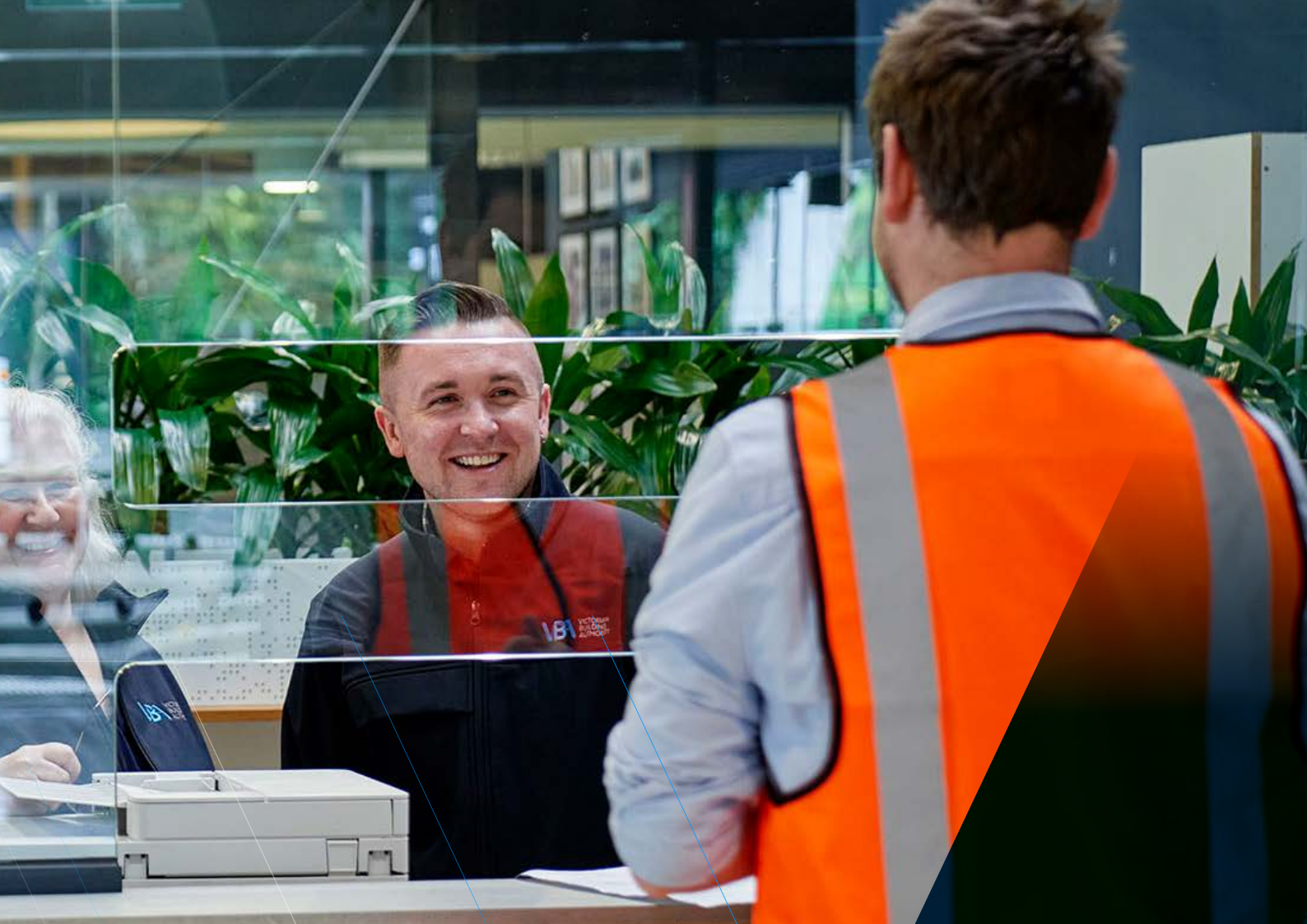
Setting employment targets where there is under-representation, including women with disability and women over 55 years old.

Determining and addressing any over-representation or imbalance of women in fixed term, casual and part time work.

The GEAP is available to view and download on the VBA website. The VBA's first progress report to the Commissioner is due in October 2023.

Organisation Chart



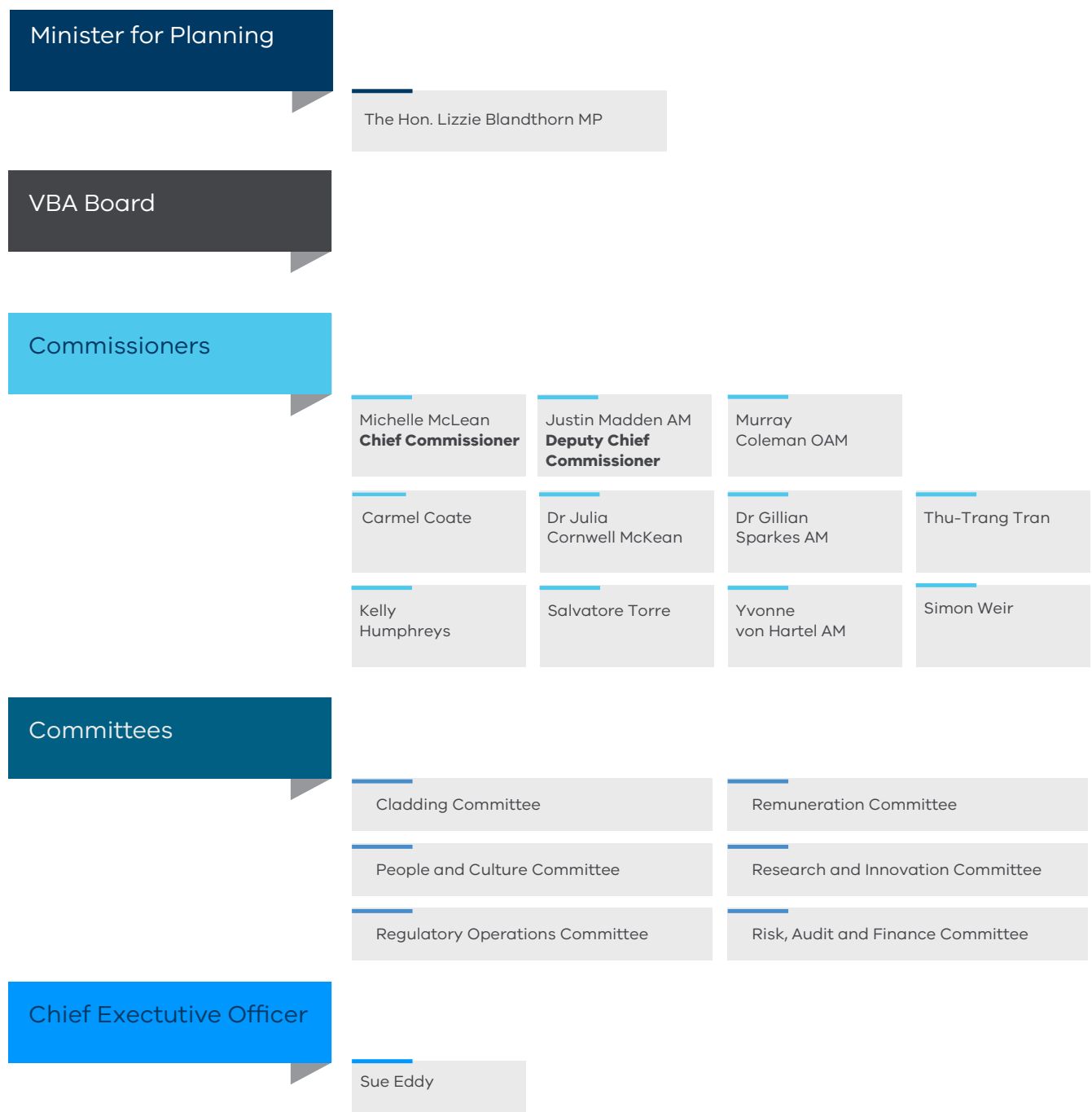


4

GOVERNANCE

VBA governance chart

Governance structure as at 30 June 2022



VBA Governance Structure

VBA Board

The VBA Board is responsible for the governance and strategic management of the VBA. This includes:

- overseeing the delivery of the VBA's functions, objectives and performance
- setting goals and the overall strategy of the VBA
- establishing appropriate and effective financial governance and oversight arrangements, including the regular review of the effectiveness of those arrangements
- overseeing the VBA's system for internal control, risk management, auditing and legal compliance
- selecting and appointing the CEO
- shaping strategic policies for the VBA, subject to any delegation of this responsibility to the CEO.

Changes to the Board

There were a number of changes to the VBA Board during 2021–22.

Re-appointments

Mr Justin Madden AM was re-appointed as Deputy Chief Commissioner, and Ms Kelly Humphreys was re-appointed as a Commissioner.

Appointments

There were several new appointments to the Board, including:

- Dr Gillian Sparkes AM
- Ms Thu-Trang Tran
- Mr Murray Coleman OAM
- Mr Simon Weir

Terms expired

The terms of the following Board members expired:

- Mr Ross Kennedy
- Ms Anna Skreiner

Details about Board members can be found on the VBA website.

The composition of the VBA Board meets the Victorian Government policy for gender diversity, with a strong representation of women.

For information about the terms of appointment for VBA Board members, visit Public Board Appointments Victoria.

Cladding Committee

Chaired by
Deputy Chief Commissioner
Justin Madden AM

The Cladding Committee supports the Board in monitoring performance of the State-wide Cladding Audit program (SCA), and its compliance with regulatory requirements and policies. It monitors VBA's enforcement action against practitioners associated with, but not limited to, the SCA, and oversees the VBA's risk management approach with respect to cladding. It helps ensure that lessons are learned, and that these are shared to help prevent future building system failures.

People and Culture Committee

Chaired by Commissioner
Dr Julia Cornwell McKean

The People and Culture Committee is responsible for oversight of, and provision of advice and recommendations to the VBA Board on, organisational culture and values, and policies and initiatives for the development of people capability, inclusion and diversity, equity and wellbeing of staff. It helps keep the VBA's approach to these matters is consistent and supports the VBA's people and capability strategy.

Regulatory Operations Committee

Chaired by Commissioner
Dr Julia Cornwell McKean

The Regulatory Operations Committee provides assurance to the Board that the VBA is fulfilling its core regulatory functions as required under s197 of the Building Act 1993. It considers and makes recommendations to the Board on the VBA's service delivery and operational models, in line with the VBA's risk appetite, and VBA and government policy. It also considers and makes recommendations to the Board on the implications and impact of legislative, policy and regulatory reform on the VBA's approach as a regulator.

Remuneration Committee

Chaired by
Chief Commissioner
Michelle McLean

The Remuneration Committee supports the Board to meet its responsibilities under s203 of the Building Act 1993 to employ or remove a Chief Executive Officer (CEO), and determine the terms and conditions under which the CEO will be employed. It undertakes performance planning and performance reviews with the CEO, and undertakes contract negotiations with the CEO as required. It reviews as necessary the remuneration and employment conditions of the CEO, and maintains oversight of executive employment, remuneration and performance arrangements at the VBA.

Research and Innovation Committee

Chaired by Commissioner
Carmel Coate

The Research and Innovation Committee is responsible for oversight of, and advice and recommendations to the Board on research matters to ensure the Board is performing its responsibilities under s197(i) of the Building Act 1993 relevant to the VBA's research function. The Committee also maintains a focus on innovation, including in emerging technologies.

Risk, Audit and Finance Committee

Chaired by Commissioner
Kelly Humphreys

The Risk, Audit and Finance Committee is responsible for independent oversight in its review and assessment of the effectiveness of the VBA's systems and controls for financial management (including asset management), risk management and performance and sustainability.



5

DISCLOSURES

Disclosures

Local Jobs First

No VBA procurement activities or projects were undertaken at or above the respective expenditure disclosure thresholds identified in the Local Jobs First policy.

Government advertising expenditure

No VBA advertising campaigns were undertaken at or above the expenditure disclosure threshold of \$100,000 for total media spend.

Consultancy expenditure

Details of consultancies valued at \$10,000 or more

In 2021–22, the VBA paid \$888,084.92 (excl. GST) to 27 consultancies where fees payable were \$10,000 or more. Information about individual consultancies is on the VBA website.

Details of consultancies less than \$10,000

In 2021–22, the VBA paid \$17,979.55 (excl. GST) to 6 consultancies where fees payable were less than \$10,000.

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 2021–22, the VBA had no contracts worth \$10 million or more.

Social procurement implementation

The VBA has a social procurement strategy that defines our objectives, the approaches that will be taken to achieve these objectives, and the capability required to implement these approaches.

The VBA Social Procurement Objectives are:

- opportunities for Victorian Aboriginal people
- opportunities for Victorians with disability
- women's equality and safety
- supporting safe and fair workplaces
- environmentally sustainable outputs.

The strategy aims to provide opportunities for Victorian Aboriginal people and Victorians with disabilities by identifying contracts that would have interest from these communities. It also encourages early engagement to improve participation, targets approaches that ensure that access to bidding is culturally appropriate, and uses supplier-established public registers to directly or indirectly procure from social enterprises, Australian disability enterprises and Aboriginal businesses.

To meet the *supporting safe and fair workplaces* objective, the VBA supports the Victorian Government's Supplier Code of Conduct for the minimum expectations for labour and human rights, and seeks to increase supply chain opportunities for suppliers that provide safe and fair workplaces for all workers.

The VBA's objective to promote *women's equality and safety* is met through the identification of professional services where women's equality is traditionally considered under represented, and developing selection criteria for new contracts that include assessment of female representation in leadership and project teams.

All individual procurement activities undertaken in 2021–22 fell below the threshold band of Victoria's Social Procurement Framework where social procurement approaches are encouraged but not mandatory.

Information and communication technology expenditure

In 2021–22, the VBA's information and communication technology (ICT) expenditure totalled \$20.2 million, compared to a total of \$19 million for 2020–21.

Table 11: Details of information and communication technology expenditure

All operational ICT expenditure (\$ million)	
Business-as-usual ICT expenditure (total)	12.2
ICT expenditure related to projects to create or enhance ICT capabilities	
Non-business-as-usual ICT expenditure	8.0
Operational expenditure	4.5
Capital expenditure	3.5
Total ICT expenditure (\$ million)	20.2

ICT expenditure refers to the VBA's costs in providing business-enabling ICT services within the reporting period. It comprises business-as-usual (BAU) ICT expenditure and non-BAU ICT expenditure. Non-BAU ICT expenditure relates to extending or enhancing the VBA's current ICT capabilities. BAU ICT expenditure is all remaining ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability.

Freedom of information

The *Freedom of Information Act 1982* (FOI Act) allows the public right of access to documents held by the VBA, including those provided to it by an external organisation or individual. The FOI Act also allows the VBA to refuse access, either fully or partially, to certain information such as cabinet documents, law enforcement and legal documents, and personal and in-confidence information.

Processing time for requests is usually 30 days, which may be extended to 45 days if third party consultation is required, or longer by agreement with the applicant. Section 16 of the FOI Act requires the VBA to make the maximum amount of information available to the public promptly and inexpensively. To make information available outside of the formal FOI Act process, the VBA must first identify another legal basis for the disclosure of that information. The *Building Act 1993* contains limited provisions expressly enabling the VBA to do this.

Proactive release

The proactive release policy falls outside of the FOI Act application, meaning the information can be processed without referral to the FOI team and not subject to the mandatory timeframes under the FOI Act.

Documents available through the proactive release policy to people permitted by law to access them as at 30 June 2022 are:

- rectification notices
- plumbing compliance certificates
- certificates prepared by the VBA
- builder's insurance information
- plumbing audit and inspection reports
- building practitioner or plumber business contact details.

Making a request

From 1 July 2022, the fee payable for an application under the FOI Act is \$30.60. Additional access charges may apply for particularly labour-intensive, time-consuming or voluminous searches. The VBA can also waive fees and charges in certain circumstances, such as demonstrated financial hardship.

Review of a request

Applicants can request a review of a VBA decision by contacting the Office of the Victorian Information Commissioner (OVIC) within 28 days of receiving a decision.

FOI statistics and timeliness

In 2021–22, the VBA received 498 FOI requests, of which 405 were deemed valid requests. The VBA finalised 397 applications for 2021–22, including 16 applications outstanding from the previous year. A total of 24 applications remained active for the start of 2022–23. Most requests were made by property owners and those requests were mostly for practitioner insurance details, plumbing compliance certificates, contact information of practitioners, and investigation and complaint files.

Of 350 FOI Act decisions made by the VBA for valid requests received in 2021–22:

- 274 matters were finalised within the statutory timeframe
- 60 matters were finalised up to 45 days overdue
- 16 matters were finalised 46 days or more overdue.

VCAT appeals

During 2021–22, nine complaints relating to VBA FOI decisions were taken to VCAT for review. Three matters were withdrawn and six are not yet finalised. This was an increase from the eight appeals lodged in 2020–21.

Table 12: FOI application outcomes 2021–22

FOI requests	
Released in full	157
Released in part	86
Denied in full	17
Released outside the FOI Act	90
No documents could be found	13
Transferred to another agency	0
Act does not apply	3
Withdrawn	24
Not proceeded with	7
Not processed	0
Not yet finalised	24
Total	421

Compliance with the *Building Act 1993*

The VBA owns regional offices in Ballarat, Bendigo, Morwell and Wangaratta. The VBA conducts annual inspections of these buildings to ensure they remain compliant and are maintained to the best possible standard. Reports are provided to management to ensure compliance with building standards and regulations.

This internal control system allows the VBA to satisfactorily undertake building maintenance and manage risks.

The VBA conducted no major projects or works valued at greater than \$50,000 on VBA-owned buildings in 2021–22.

Competitive Neutrality Policy

Fair competition between public and private businesses is supported by the competitive neutrality policy. The VBA continues to comply with competitive neutrality, which provides government businesses with a tool to enhance their decision-making capability on resource allocation. This policy does not override other policy objectives of government and exists to improve service provision efficiency. The VBA's compliance with competitive neutrality is governed by the competition principles agreement and competition and infrastructure reform agreement.

Compliance with the *Public Interest Disclosures Act 2012*

The VBA does not tolerate improper conduct by employees or 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 supporting disclosures that reveal corrupt conduct, conduct involving substantial mismanagement of public resources, or conduct involving substantial risk to public health and safety or the environment.

To put these principles into action, the VBA established Safe2Speak, an independent service through which employees can anonymously report improper conduct or corruption. Managers and supervisors are trained in their obligations to encourage employees to speak up and to support them when they do.

Safe2Speak received 34 reports in 2021–22. Seventeen reports were managed as human resources matters and 5 reports did not provide enough information or raised administrative rather than integrity issues. Preliminary enquiries into the remaining 12 reports did not find evidence of improper conduct or corruption.

The VBA takes all reasonable steps to protect people who make disclosures and will afford natural justice to the person who is the subject of the disclosure to the extent it is legally possible.

IntegrityVBA is an independently managed complaint resolution service available online or by telephone, 24 hours a day, seven days a week. IntegrityVBA received 254 contacts in 2021–22.

Reporting procedures

Reports may be made to Safe2Speak. However, as the VBA is not an entity which may receive public interest disclosures, the complainant will be encouraged to approach the Independent Broad-based Anticorruption Commission (IBAC) when appropriate.

Contact Safe2Speak via:

Phone: 1300 304 550

Web: safe2speakvba.stoplinereport.com

Email: safe2speak@stopline.com.au

Post: VBA Safe 2 Speak c/o Stopline, Locked Bag 8, Hawthorn, VIC 3122

Contact IntegrityVBA via:

Phone: 1300 304 564

Email: integrity@vba.vic.gov.au

Contact IBAC via:

Phone: 1300 735 135

Web: ibac.vic.gov.au/reporting-corruption/report

In addition to Safe2Speak or approaching IBAC directly, employees can report unacceptable conduct to:

- any member of the Executive Leadership Team
- Special Advisor, Integrity
- a director, manager or supervisor
- People and Capability business partners.

Compliance with the *Disability Act 2006*

The VBA's responsibility to support, promote and adjust its workplace to ensure people with a mental, physical or intellectual disability are respected and can do their job effectively and safely has remained a high priority.

Reporting procedures

The VBA continues to support and implement systems and processes that enable and encourage people with a disability to interact with the regulator, whether they be building practitioners, consumers or members of the public. Information about VBA services is readily available through accessible information on the VBA website. People with hearing impairments can access the VBA customer service centre through teletype (TTY) facilities. The VBA also makes reasonable adjustments for building practitioners undertaking assessments.

An accessible work environment

The VBA complies with the *Disability Act 2006* during the entire employment cycle, from attraction and recruitment to onboarding and exiting. The implementation of screen and text size requirements, availability of ergonomic equipment and accessible facilities form part of these provisions.

Since mandatory work from home periods began in 2020–21, the VBA has enhanced its capabilities in home safety by enabling VBA employees to access ergonomic equipment for their home offices.

Providing accessible information

The VBA website remains the primary portal for conveying information to practitioners, consumers and members of the public. Through it, the VBA provides clear and accessible information that is available at any time.

Governing the expectation of accessible web design is the VBA's compliance with W3C's Web Content Accessibility Guidelines 2.0 at Level AA. The VBA's practice also complies with the Victorian Government's accessibility standard.

The website features information on how callers may contact the VBA using the National Relay Service and TTY support service if they are vision or hearing impaired.

An equal exam setting

Enhancing the professional development of Victoria's building practitioners is integral to the VBA's operations. The VBA ensures reasonable adjustments are available to meet practitioners' needs, including during exam processes.

Office-based environmental impacts

COVID-19 continued to have an impact on several aspects of the VBA's office-based environment. While no environmental targets were set for 2021–22, there were variations in relation to energy consumption, landfill waste, paper use, travel and greenhouse gas emissions during this period as indicated in the attached tables.

Energy use

Energy consumption decreased slightly in comparison to 2020–21 even though more people were working in the office. Improved building management strategies, such as HVAC and lighting timers, assisted in improving energy efficiencies within the building.

Table 13: Energy use

	Indicator	2021–22	2020–21
E1	Total energy usage segment by primary source (MJ)		
	Electricity (MJ) — excluding green power, which is not yet available	1,152,450	1,378,368
	Natural gas (MJ)	0	0
	Green power (MJ)	0	0
	LPG (MJ)	0	0
E2	Total greenhouse gas emission from energy consumption (tonnes CO ₂ -e)		
	Electricity (tonnes CO ₂ -e) — excluding green power	376	449
	Natural gas (tonnes CO ₂ -e)	0	0
	Green power (tonnes CO ₂ -e)	0	0
	LPG (tonnes CO ₂ -e)	0	0
E3	Percentage of electricity bought as green power	0	0

Waste and recycling

With the RTO by many employees, some waste and recycling volumes increased slightly but volumes were still a very significant improvement in comparison to 2019–20 when offices were fully staffed. The VBA continues to strive for improvements relating to the management of waste and recycling.

Table 14: Waste and recycling

Indicator		2021–22	2020–21
Ws1.	Total units of waste disposed of by destination (kg/year)		
	Landfill (kg)	1,032	1,037
	Comingled recycling (kg)	193	93
	Paper and card (kg)	369	1,023
	Secure documents (kg)	450	12,880
	Organics	85	22
Ws2	Total units of waste disposed of per FTE by destination (kg/FTE)		
	Landfill (kg/FTE)	2	2
	Comingled recycling (kg/FTE)	0	0
	Paper and card (kg/FTE)	1	2
	Secure documents (kg/FTE)	0	27
	Organics (kg/FTE)	0	0
Ws3.	Recycling rate (%)	16	8
Ws4.	Greenhouse gas emissions associated with waste (tonnes CO ₂ -e)	2.70	4.36

Paper use

The ongoing transition to digital processing and employees continuing to work remotely has greatly reduced paper usage overall although there was a slight increase due to employees returning to work in the office.

Table 15: Paper use

Indicator		2021–22	2020–21
P1.	Total units of A4 equivalent copy paper used (reams)	384	208
P2.	Units of A4 equivalent copy paper used per FTE (reams/FTE)	0.81	0.44
P3.	75–100% recycled content	100	100
P4.	50–74% recycled content	0	0
P5.	0–49% recycled content	0	0

Water waste and recycling

Water consumption data is not available for the Goods Shed North as there are no separate water meters for each tenancy.

Travel and transport

The VBA fleet consists of a total of 84 vehicles: 40 are fuelled by unleaded petrol and 44 are hybrid vehicles. The VBA continues to replace unleaded petrol vehicles with hybrid models as part of an overall fleet improvement strategy and in line with Victorian Government guidelines.

Table 16: Travel and transport

	Indicator	2021–22	2020–21
T1.	Total energy consumption by fleet vehicles (MJ)		
	Unleaded	2,425,620	2,364,545
	Hybrid	786,330	757,126
T2.	Total distance travelled consumption by fleet vehicles (km)		
	Unleaded	565,682	379,971
	Hybrid	288,372	67,574
T3.a	Total greenhouse gas emissions from fleet vehicles (tonnes CO ₂ -e)		
	Unleaded	247	166
	Hybrid	82	19
T3.b	Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO ₂ -e)		
	Unleaded	0.25	0.17
	Hybrid	0.08	0.02
T4.	Total distance travelled by air (km)	22,452	11,976

Greenhouse gas emissions

Greenhouse gas emissions are variable in comparison to 2020–21. While emissions relating to energy use and waste decreased, those related to vehicle and air travel increased slightly increased due to COVID-19 restrictions being removed and field officers being able to carry out their duties along with some interstate travel being allowed again.

Table 17: Greenhouse gas emissions

	Indicator	2021–22	2020–21
G1.	Total greenhouse gas emissions associated with energy use (tonnes CO ₂ -e) [Note: This includes office-based data only]	373	449
G2.	Total greenhouse gas emissions associated with vehicle fleet (tonnes CO ₂ -e)	329	185
G3.	Total greenhouse gas emissions associated with air travel (tonnes CO ₂ -e)	3.66	2.33
G4.	Total greenhouse gas emissions associated with waste disposal (tonnes CO ₂ -e) [Note: This includes office-based data only]	2.70	4.36
G5.	Total greenhouse gas emissions offset purchased (tonnes CO ₂ -e)	0	0

Greener procurement

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

- considering environmental impacts as part of our evaluation report checklist when procuring goods and services
- selecting vendors that disclose environmental practices
- selecting vendors that show a commitment to social responsibility.

Availability of other information

In compliance with the requirements of the Standing Directions, the VBA has retained details of the items listed below. This information is available on request, subject to the provisions of the FOI Act. 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:
 - consultant contractors engaged
 - services provided
 - expenditure committed 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

VBA's Financial Management Compliance Attestation Statement

I, Michelle McLean, on behalf of the Responsible Authority, certify that the Victorian Building Authority has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Michelle McLean
Chief Commissioner
Victorian Building Authority

18 August 2022



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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 Assistant Treasurer 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 during the year ended 30 June 2022 and the financial position of the VBA as at 30 June 2022.

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

We authorise the attached financial statements for issue on 29 September 2022.



Michelle McLean
Chief Commissioner
Victorian Building Authority
Melbourne



Sue Eddy
Chief Executive Officer
Victorian Building Authority
Melbourne



Katrina Excell
Chief Finance Officer
Victorian Building Authority
Melbourne

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 2022 • 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 2022 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
3 October 2022



Paul Martin
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT^(a) FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(\$'000)

	Notes	2022	2021
Continuing Operations			
Revenue and Income from transactions			
Levies, fees and fines revenue	2.1	75,908	90,201
Grant income	2.2	14,090	49,513
Interest income	2.3	120	341
Other income		715	255
Total revenue and income from transactions		90,833	140,310
Expenses from transactions			
Employee costs	3.1	72,353	79,103
Board and committee costs		1,259	1,304
Interest expense	6.2.2	187	276
Other operating expenses	3.2	18,224	32,014
Grant payments	3.3	1,043	6,704
Depreciation and amortisation	4.3	5,205	5,075
Total expenses from transactions		98,271	124,476
Net result from transactions (net operating balance)		(7,438)	15,834
Other economic flows included in net result			
Net gain/(loss) on non-financial assets ^(b)	8.1	210	1
Total other economic flows included in net result		210	1
Net result from continuing operations		(7,228)	15,835
Other economic flows – other comprehensive income:			
Items that will not be classified to net result			
Changes in asset revaluation surplus ^(c)	8.2	342	40
Total other economic flows – other comprehensive income		342	40
Comprehensive result		(6,886)	15,875

The comprehensive operating statement should be read in conjunction with the accompanying notes.

Notes:

- (a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting
- (b) '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.
- (c) '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 disposals of financial instruments, except when these are taken through the financial assets at fair value through other comprehensive income revaluation surplus.

BALANCE SHEET^(a) AS AT 30 JUNE 2022

(\$'000)

	Notes	2022	2021
Assets			
Financial assets			
Cash and deposits	6.3	39,542	52,617
Receivables	5.1	1,327	1,509
Total financial assets		40,869	54,126
Non-financial assets			
Property, plant and equipment	4.1	9,160	10,330
Intangible assets	4.2	8,708	7,427
Other non-financial assets	5.5	2,098	1,380
Total non-financial assets		19,966	19,137
Total assets		60,835	73,263
Liabilities			
Payables	5.2	10,901	16,316
Contract liabilities	5.3	8,229	7,085
Interest-bearing liabilities	6.1	6,378	6,890
Employee-related provisions	3.1.1	10,078	9,557
Other provisions	5.4	1,622	1,598
Security deposits	8.9	2,856	2,491
Other liabilities	5.6	1,708	3,377
Total liabilities		41,772	47,314
Net assets		19,063	25,949
Equity			
Accumulated surplus		18,318	25,546
Asset revaluation reserve	8.2	745	403
Net worth		19,063	25,949

The balance sheet should be read in conjunction with the accompanying notes.

Note:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

STATEMENT IN CHANGES IN EQUITY^(a)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(\$'000)

	Notes	Asset revaluation reserve	Accumulated surplus	Contributed Capital	Total
Balance at 1 July 2020		363	78,835	14,486	93,684
Net result for the year		-	15,835	-	15,835
Transfer from accumulated surplus		-	(69,124)	69,124	-
Administrative restructure- net assets transferred		-	-	(83,610)	(83,610)
Net increase/(decrease) as a result of revaluation		40	-	-	40
Balance at 30 June 2021		403	25,546	-	25,949
Balance at 1 July 2021					
Net result for the year		-	(7,228)	-	(7,228)
Net increase/(decrease) as a result of revaluation	8.2	342	-	-	342
Balance at 30 June 2022		745	18,318	-	19,063

The statement of changes in equity should be read in conjunction with the accompanying notes.

Note:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

CASHFLOW STATEMENT^(a)

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022

(\$'000)

	Notes	2022	2021
Cash flows from operating activities			
Receipts			
Receipts from customers		78,826	90,782
Interest received		120	341
Receipts of security deposits		966	779
Goods and services tax recovered from the ATO ^(b)		3,367	6,240
Grants received from State Government		14,090	49,513
Total receipts		97,369	147,655
Payments			
Payments of grants		(1,043)	(6,704)
Payment of interest		(187)	(276)
Refunds of security deposits		(602)	(661)
Payments to suppliers and employees		(103,334)	(101,720)
Total payments		(105,166)	(109,361)
Net cash flows from operating activities	6.3.1	(7,797)	38,294
Cash flows from investing activities			
Payments for property, plant and equipment		(217)	(815)
Proceeds from sale of property, plant and equipment		319	73
Payments for intangible assets		(3,467)	(2,389)
Net cash flows from/(used in) investing activities		(3,365)	(3,131)
Cash flows from financing activities			
Repayment of leases	6.2.3	(1,913)	(2,338)
Cash transferred on activities transferred out - machinery of government changes		-	(88,407)
Net cash flows from/(used in) financing activities		(1,913)	(90,745)
Net increase/(decrease) in cash and cash equivalents		(13,075)	(55,582)
Cash and cash equivalents at the beginning of financial year		52,617	108,199
Cash and cash equivalents at the end of financial year		39,542	52,617

The cash flow statement should be read in conjunction with the accompanying notes.

Note:

(a) This format is aligned to AASB 1049 Whole of Government and General Government Sector Financial Reporting.

(b) GST paid to the Australian Taxation Office is presented on a net basis.

Notes to the Financial Statements

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Note 1. About this report

These annual financial statements represent the audited general purpose financial statements for the VBA as an individual reporting entity and includes the Building Appeals Board (BAB), for the financial year ended 30 June 2022.

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

Principal Address is:
Victorian Building Authority
733 Bourke Street
Docklands VIC 3008

A description 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. 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 technical terms and style conventions can be found in notes 8.12 and 8.13.

These annual financial statements were authorised for issue by the VBA's Chief Commissioner, Chief Executive Officer and Chief Finance Officer on behalf of the Board of the VBA on 29 September 2022.

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.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the VBA.

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 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.

Coronavirus impact on the financial statements

The COVID-19 pandemic has had an impact on the economy, financial markets, consumer confidence, and business across many sectors.

VBA's primary source of revenue, building permit levies, increased compared to the previous year as a result of increased cost of works related to building permit numbers and whilst business activity increased, the withdrawal of the home builder grant incentives in the previous year resulted in lower demand for housing in 2022.

The VBA did not incur significant COVID related expenditure in the financial year 30 June 2022 (\$1.82M was spent in 2021).

Going concern

These financial statements have been prepared on a going concern basis. While building permit levies and the extent of impact on future building permit levies and other revenue remains uncertain, management continues to closely assess the trend and risks. The VBA continue to explore opportunities to improve operating cashflows.

Comparative amounts

Where the presentation or classification of items in the financial statement changes, the comparative amounts are also reclassified unless it is impractical to do so.

Note 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, professional standards and 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 Levies, fees and fines revenue

2.2 Grant income

2.3 Interest income

Revenue and income that fund delivery of our services are accounted for consistently with the requirements of the relevant accounting standards disclosed in the following notes.

2.1 LEVIES, FEES AND FINES REVENUE

(\$'000)

Revenue from contracts with customers	2022	2021
Building-permit levy – general levy ^(a)	28,471	26,450
Building-permit levy – DBDRV levy ^(b)	14,281	13,307
Building-practitioner registration fees ^(c)	5,030	4,547
Building-corporate registration fees ^(d)	1,882	1,571
Building-prosecutions and inquiry fines ^(e)	793	840
Building-owner builder certification fees ^(f)	587	526
Building-modifications and appeals (BAB services) fees ^(g)	122	125
Registration Scheme (PERS) endorsement fees ^(h)	477	-
Cladding rectification levy ⁽ⁱ⁾	-	20,351
Plumbing-compliance certificates fees ^(j)	17,791	16,054
Plumbing-registration and licence fees ^(k)	6,146	5,910
Plumbing-examination fees ^(l)	231	228
Plumbing-prosecutions and inquiry fines ^(m)	98	292
Total building levies, fees and fines revenue	75,908	90,201

Notes:

(a) Building permit levy – general levy

The general building permit levy is calculated based on 0.064 cents in the dollar of the cost of building work for which a building permit is sought. Building permit levy – general levy revenue is brought to account upon issue of the building permit number (i.e., at point in time).

(b) Building permit levy – DBDRV levy

The Building Advice and Conciliation Victoria (BACV) building permit levy is calculated based on 0.064 cents in the dollar of the cost of building work for which a building permit is sought and funds the 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 (CAV) is also legally entitled to a portion of the levy. Building permit levy-BACV levy revenue is brought to account upon issue of the building permit number (i.e. at point in time).

(c) Building-practitioner registration fees

Yearly registration renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Registration fees received relating to the subsequent year are recognised at year-end as contract liabilities (i.e. over time). From 1 July 2021 to 30 April 2022, the amount disclosed represented the net amount of VBA share after 50 per cent of the total building-practitioner registration fees being allocated to the BACV to fund its functions established under the Domestic Building Contracts (Conciliation and Dispute Resolution) Act 2002. Consumer Affairs Victoria (CAV) is also legally entitled to a portion of the income, which has changed to a fixed amount from 1 May 2022 following a Ministerial Direction.

(d) Building-corporate registration fees

Yearly registration renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Registration fees received relating to the subsequent year are recognised at year-end as contract liabilities (i.e. over time). From 1 July 2021 to 30 April 2022, the amount disclosed represented the net amount of VBA share after 50 per cent of the total building-practitioner registration fees being allocated to the BACV to fund its functions established under the Domestic Building Contracts (Conciliation and Dispute Resolution) Act 2002. Consumer Affairs Victoria (CAV) is also legally entitled to a portion of the income, which has changed to a fixed amount from 1 May 2022 following a Ministerial Direction.

(e) Building-prosecutions and inquiry fines

Prosecutions and inquiry fines represent 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 and County Court of Victoria. The amount is recognised when the fines are issued (i.e. at point in time).

(f) Building-owner-builder certification fees

Owner-builder certification fees received are recognised upon receipt of the application for certification (i.e. at point in time).

(g) Building-Modifications and appeals fees (BAB services)

Modifications and appeals fees received are recognised as revenue upon receipt (i.e. at point in time).

(h) Building-Prescribed Professional Engineers Registration Scheme (PERS) endorsement fees

Endorsement fees Prescribed PERS endorsement fees received are recognised as revenue upon receipt of the endorsement on its application for registration, renewal and annual registration (i.e. point in time). The fees were introduced under the Professional Engineers Registration Act 2019 and the Professional Engineers Registration (Fees) Regulations 2021, came into effect from 1 July 2021. The PERS led by the Building Licensing Authority (BLA) and supported by the CAV and the VBA.

(i) Cladding rectification levy

The cladding rectification levy came into effect on 1 January 2020 and is calculated based on the rates and cost of building works for which a building permit number is sought. The cladding rectification levy applies to Building Code of Australia classes 2 to 8 building works located in the metropolitan area that are \$0.8 million or more. Cladding rectification levy revenue is brought to account upon issue of the building permit number (i.e. at point in time). Building works on Commonwealth Crown Land retain the current exemption from any building permit levy, including the cladding rectification levy. The CSV was established as a separate entity on the 1 December 2020 and no cladding rectification levy revenue was recognised by the VBA in FY22.

(j) Plumbing-compliance certificates fees

Compliance certificates fees received are recognised upon receipt of the application for certification (i.e. at point in time).

(k) Plumbing-registration and licence fees

Plumbing registration fees are for a triennium ending three years from the date paid. Fees received are recognised as revenue on a pro-rata basis. Plumbing registration fees received relating to the subsequent years are recognised at year-end as contract liabilities (i.e. over time). Annual licence renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Licence fees received relating to the subsequent year are recognised at year-end as contract liabilities (i.e. over time).

(l) Plumbing-examination fees

Plumbing examination fees are recognised as revenue upon receipt (i.e. at point in time).

(m) Plumbing-prosecutions and inquiry fines

Prosecutions and inquiry fines represent 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 and County Court of Victoria. The amount is recognised when the fines are issued (i.e. at point in time).

AASB 15 Revenue from contracts with customers

Performance obligations and revenue recognition policies

The core principle of AASB 15 is, an entity recognises revenue at the point in time when control of a good or service transfers to the customer, for an amount that reflects the consideration the entity expects to be entitled in exchange for those goods when, or as, the performance obligations for the sale of goods and services to the customer are satisfied. Revenue is also recognised over time when the customer simultaneously receives and consumes the services as it is provided. For contracts that permit the customer to request for refund, the revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for expected returns, which are estimated based on historical data. For consideration received in advance of recognising the associated revenue from the customer, it is recorded as a contract liability i.e. deferred revenue.

Application of AASB 15

Levies, fees and fines are transactions that the VBA has determined to be classified as revenue from contracts with customers in accordance with AASB 15, specifically, VBA has applied the exemption available under paragraph Aus 8.1 and Aus 8.3 and have treated levy as licences and not taxes in line with AASB 15. The VBA's levies, fees and fines revenue is recognised as and when the enforceable rights and obligations between the VBA and applicants arise from statutory requirements even though no contractual relationship exists. The service is delivered to its customers i.e. applicants, and is measured as the amount the VBA expects to be entitled to. Any fee waivers or refunds arising are recognised as a reduction in the amount of revenue recognised. Where revenue has been received for services to be delivered in the following years, these amounts are deferred as a contract liability, refer note 5.3.

2.2 GRANT INCOME

In the financial year ended 30 June 2022, the Department of Environment, Land, Water and Planning (DELWP) provided grants of \$11.85 million (2021: \$48.99 million). The majority of grant monies received was to enable the VBA to continue their work in conducting a statewide audit of buildings with combustible cladding.

(\$'000)

	2022	2021
DELWP		
Statewide cladding audit	11,590	8,540
Inspections and enforcement	-	4,450
CSV cladding rectification	-	35,634
Energy efficiency audit	-	105
AS4575 - Gas Appliance Servicing Portal and Support	138	-
7 Star policy and program support	130	266
	11,858	48,995
NON-DELWP		
Better approvals for regulators program	532	518
Online Interactive Forms for Building Registrations	1,700	-
Total grant income	14,090	49,513

AASB 1058 Income of not-for-profit entities and interpretation

AASB 1058 Income of not-for-profit entities clarifies the income recognition requirements that apply to not-for-profit entities. Under the AASB 1058 income recognition model, the entity first determines whether an enforceable agreement exists and whether the promises to transfer goods or services to the customer are "sufficiently specific". This occurs where grants and contracts do not contain performance obligations that are sufficiently specific, as a result income is recognised when VBA has an unconditional right to receive cash which usually coincides with receipt of cash, in accordance with AASB 1058.

Grants recognised under AASB 1058

VBA has determined that the grant income included in the table above under AASB 1058 has been earned under arrangements that are either not enforceable and/or linked to sufficiently specific performance obligations.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when the authority has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, VBA recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15
- a lease liability in accordance with AASB 16
- a financial instrument, in accordance with AASB 9

Application of AASB 1058

As the existing VBA grants are non-enforceable and there is no performance obligation that are sufficiently specific, therefore the VBA recognises its grant income under note 2.2 on receipts, in accordance with AASB 1058.

2.3 INTEREST INCOME

(\$'000)

	2022	2021
Interest on bank deposits and investments	120	341
Total interest income	120	341

Interest income includes interest received on bank deposits and Central Banking System deposits. Interest income is recognised using the effective interest method, which allocates the interest over the relevant period.

Note 3. The cost of delivering services

This section provides an account of the expenses incurred by the VBA in delivering services. In Note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with provision of services are recorded.

Structure

3.1	Employee costs
3.2	Other operating expenses
3.3	Grant Payments

3.1 EMPLOYEE COSTS

(\$'000)

	Notes	2022	2021
Salaries and wages, annual leave and long service leave		57,747	58,576
Superannuation expense – defined contribution and benefit	3.1.2	5,108	5,011
Staff-related expenses		888	1,500
Fringe benefits tax		34	51
External staff (includes contractors)		8,576	13,965
Total employee costs		72,353	79,103

Employee expenses include all costs related to employment including wages and salaries, fringe benefit tax, leave entitlements, termination payments, payroll tax and WorkCover premiums.

Staff-related expenses includes other costs related to employment including recruitment, training, study assistance and learning and development.

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, 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.

(\$'000)

	2022	2021
Current provisions		
Annual leave		
Unconditional and expected to settle within 12 months	1,189	1,048
Unconditional and expected to settle after 12 months	3,038	3,189
Long service leave		
Unconditional and expected to settle within 12 months	329	221
Unconditional and expected to settle after 12 months	2,498	2,240
Provisions for on-costs		
Unconditional and expected to settle within 12 months	250	215
Unconditional and expected to settle after 12 months	918	930
Total current provisions	8,222	7,843
Non-current provisions		
Employee benefits	1,587	1,457
On-Costs	269	257
Total non-current provisions	1,856	1,714
Total provisions	10,078	9,557

Reconciliation of movement in on-cost provision

(\$'000)

	2022
Opening Balance	1,401
Additional provisions recognised	749
Additions due to transfer in	8
Reductions arising from removal of obligation	-
Reductions arising from payments/other sacrifices of future economic benefits	(675)
Unwind of discount and effect of changes in the discount rate	(46)
Closing balance	1,437
Current	1,168
Non-current	269

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 are 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 in the Statement of Comprehensive Income as it is taken.

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

Unconditional long service leave is disclosed as a current liability; even where the VBA does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current long service leave 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 long service leave 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 long service leave is measured at present value.

Any gain or loss following revaluation of the present value of non-current long service leave 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 and the VBA contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

	(\$'000)	
	2022	2021
Defined benefit plans:		
State Superannuation Fund	31	21
Defined contribution plans:		
VicSuper	1,964	1,770
Other	3,113	3,220
Total	5,108	5,011

Note:

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

3.2 OTHER OPERATING EXPENSES

(\$'000)

	2022	2021
Accommodation and utilities	1,515	1,829
Payments to DELWP for building policy and research programs	1,534	1,681
Legal fees	1,404	1,711
Technical contractors (panels)	-	588
IT services and records management expenses	4,197	4,905
Consultants ^(a)	3,375	15,042
General office expenses	2,172	2,551
Printing and stationery	378	707
Motor vehicles and travel expenses	377	239
Insurance premiums	2,749	2,055
Regulatory events, seminars and meetings	81	119
External audit fees	58	67
Internal audit fees	277	265
Short term lease rental expense	-	4
Minor assets	59	251
Bad debts written off	48	-
Total other operating expenses	18,224	32,014

Note:

(a) Includes CSV expenditure of \$nil (2021: \$10.58 million).

Other operating expenses generally represent the day-to-day running costs incurred in normal operations. It also includes bad debts written off from transactions that are mutually agreed.

The following lease payments are recognised on a straight line basis:

- Short term leases – leases with a term less than 12 months; and
- Low value leases – leases where the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date) are recognised in the period in which the event or condition that triggers them occur.

3.3 GRANT PAYMENTS

(\$'000)

	2022	2021
Australian Building Codes Board	1,043	1,043
CSV grant payments to owners corporations ^(a)	-	5,661
Total grant payments	1,043	6,704

(a) CSV was a new entity from 1 December 2020, therefore no grant payments to owner's corporation in 2022.

Grant payments 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 either be operating or capital in nature. Grants can be paid as general-purpose grants, which refer to grants that are not subject to conditions regarding their use. Alternatively, they may 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. Grants can take the form of money, assets, goods, services or forgiveness of liabilities.

Note 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 to be utilised for delivery of 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

(\$'000)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
2022			
Land at fair value	1,075	-	1,075
Buildings at fair value	840	-	840
Buildings-right-of-use at fair value	11,921	(7,085)	4,836
Plant, equipment and motor vehicles at fair value	7,522	(6,179)	1,343
Plant, equipment and motor vehicles-right-of-use at fair value	1,382	(316)	1,066
	22,740	(13,580)	9,160
2021			
Land at fair value	910	-	910
Buildings at fair value	680	-	680
Buildings-right-of-use at fair value	11,472	(5,272)	6,200
Plant, equipment and motor vehicles at fair value	7,946	(5,649)	2,297
Plant, equipment and motor vehicles-right-of-use at fair value	321	(78)	243
	21,329	(10,999)	10,330

4.1 (a) Total right of use assets: Buildings, plant, equipment and vehicles

The following tables are subsets of buildings, and plant and equipment by right-of-use assets.

(\$'000)

	Gross carrying amount	Accumulated depreciation	Net carrying amount
2022			
Buildings-right-of-use	11,921	(7,085)	4,836
Plant, equipment and motor vehicles-right-of-use	1,382	(316)	1,066
Net carrying amount	13,303	(7,401)	5,902
2021			
Buildings-right-of-use	11,472	(5,272)	6,200
Plant, equipment and motor vehicles-right-of-use	321	(78)	243
Net carrying amount	11,793	(5,350)	6,443

(\$'000)

	Buildings at fair value	Plant, equipment and vehicles at fair value
Opening balance – 1 July 2021	6,200	243
Additions	449	1,200
Disposals	-	(137)
Revaluations	-	-
Machinery of government – transfer out	-	-
Reclassification	-	-
Depreciation	(1,813)	(240)
Closing balance – 30 June 2022	4,836	1,066
Opening balance – 1 July 2020	10,156	87
Additions	-	259
Disposals	-	(26)
Revaluations	-	-
Machinery of government – transfer out	(1,524)	-
Reclassification	(30)	(14)
Depreciation	(2,402)	(63)
Closing balance – 30 June 2021	6,200	243

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. Assets transferred as part of restructure of administrative arrangement are transferred at their carrying amount.

Right-of-use asset acquired by lessee Initial recognition and measurement

The VBA recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

- any lease payments made at or before the commencement date; plus
- any initial direct costs incurred; and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

Right-of-use asset – Subsequent measurement

VBA depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The right-of-use assets are also subject to revaluation as required by Financial Reporting Direction (FRD) 103 Non-Financial Physical Assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Land and Buildings – Fair Value

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 the Valuer-General of 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 was 30 June 2021.

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.

A full revaluation of VBA's land and buildings was performed by the Valuer-General of Victoria (VGV) as at 30 June 2021 and a managerial valuation was adopted as at 30 June 2022 in accordance with the requirements of FRD 103. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledge, able willing parties in an arm's length transaction.

In compliance with FRD 103, in the year ended 30 June 2022, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2022.

VGV indices have shown significant increases in the values of land and building and as such management have elected to use valuations provided by an independent third-party valuer to support their assessment of fair value as at 30th June 2022. The fair value of land and buildings will continue to be subjected to market impacts.

Plant and equipment is held at fair value. When plant and equipment is specialised in use, such that is rarely sold other than as part of a going concern, fair value is determined using the current replacement cost method.

There were no changes in valuation techniques throughout the period to 30 June 2022.

For all assets measured at fair value, the current use is considered the highest and best use.

Vehicles are valued using the current replacement cost method and the associated depreciation is adjusted. The VBA acquires new vehicles and at times disposes of them before the end of their economic life. Refer to note 4.3 for relevant depreciation rates.

Refer to note 7.3 for additional information on fair value determination of property, plant and equipment.

4.1.1 Reconciliation of movements in carrying amount of property, plant and equipment

(\$'000)

	Land at fair value	Buildings at fair value	Plant, equipment and motor vehicles	Total
2022				
Balance at the beginning of the year	910	6,880	2,540	10,330
Additions	-	449	1,200	1,649
Disposals/retirements	-	-	(142)	(142)
Revaluations ^(a)	165	177	-	342
Machinery of government – transfer out	-	-	-	-
Depreciation	-	(1,830)	(1,189)	(3,019)
Balance at the end of the year	1,075	5,676	2,409	9,160
2021				
Balance at the beginning of the year	946	10,785	3,527	15,258
Additions	-	-	815	815
Disposals/retirements	-	-	(187)	(187)
Revaluations	(36)	76	-	40
Machinery of government – transfer out	-	(1,524)	(434)	(1,958)
Reclassification	-	(30)	(25)	(55)
Depreciation	-	(2,427)	(1,156)	(3,583)
Balance at the end of the year	910	6,880	2,540	10,330

Note

(a) Fair value assessments have been performed for all classes of assets in this purpose group. The next scheduled full revaluation for this purpose group will be conducted in 2026.

4.2 INTANGIBLE ASSETS

(\$'000)

Computer software		
	2022	2021
Net carrying amount		
Balance at the beginning of the year	7,427	7,138
Additions	3,467	2,389
Machinery of government – transfer out	-	(608)
Amortisation	(2,186)	(1,492)
Balance at the end of the year	8,708	7,427

Initial recognition

Intangible assets include purchased and internally generated intangible assets, and are initially recognised at cost when the recognition criteria in AASB 138 Intangible Assets is met. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. 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 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 assets with finite useful lives are amortised 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.

Significant intangible assets

The VBA has capitalised software development expenditure for the development of its Building Activity Management System. The carrying amount of the capitalised software development expenditure is \$3.4 million (2021: \$3.5 million). Its useful life is 7 years.

4.3 DEPRECIATION AND AMORTISATION

(\$'000)

	Notes	2022	2021
Buildings	4.11	1,830	2,427
Plant, equipment and motor vehicles	4.11	1,189	1,156
Intangibles (amortisation)	4.2	2,186	1,492
Total depreciation and amortisation		5,205	5,075

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

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

Asset	Useful Life
Buildings	40 years
Buildings-right-of-use	5 years
Motor vehicles-owned	3 to 5 years
Motor vehicles-right-of-use	3 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, and adjustments made where appropriate.

Right-of-use assets and Leasehold improvements are depreciated over the shorter of the lease term and their useful lives. Where VBA obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

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 of property, plant and equipment: The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB13 Fair Value Measurement, with the consequence that AASB136 Impairment of Assets does not apply to such assets that are regularly revalued.

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 shall 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. 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.

Note 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	Contract liabilities
5.4	Other provisions
5.5	Other non-financial assets
5.6	Other liabilities
5.7	Maturity analysis of contractual financial liabilities and other liabilities

5.1 RECEIVABLES

(\$'000)

	2022	2021
Contractual		
Plumbing inspections	-	38
Other sundry receivables	340	289
Total contractual receivables	340	327
Statutory		
Building Practitioner Board fines and costs	2,368	2,304
Other sundry receivables	550	577
GST input tax credit recoverable	855	916
Total statutory receivables	3,773	3,797
Allowance for impairment losses of receivables	(2,786)	(2,615)
Total receivables	1,327	1,509
Represented by		
Current receivables	1,327	1,509

Contractual receivables are classified as financial instruments and categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The VBA holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measures at amortised cost using the effective interest method, less any impairment.

Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment) but are not classified as financial instruments for disclosure purposes. The VBA applies AASB 9 Financial Instruments for initial measurement of the statutory receivables, and as a result, statutory receivables are initially recognised at fair value plus any directly attributable transaction cost. Amounts recognised from the Victorian Government represent funding for all commitments incurred and are drawn from the Consolidated Fund as the commitments fall due.

Details about the VBA's impairment policies, the VBA's exposure to credit risk, and the calculation of the loss allowance are set out in note 71.3.

5.2 PAYABLES

(\$'000)

	2022	2021
Contractual		
Supplies and services	3,012	7,906
Cladding rectification levy payable to CSV	7,661	8,743
Total contractual payables	10,673	16,649
Statutory		
Fringe Benefits Tax payable	10	18
Other taxes payable	218	(351)
Total statutory payables	228	(333)
Total payables	10,901	16,316
Represented by		
Current payables	10,901	16,316
Non-current payables	-	-

Contractual payables include amounts payable for supplies and services and cladding levy. They are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to VBA prior to the end of the financial year that are unpaid.

Statutory payables include payables such as Fringe Benefits Tax and other taxes payable. These are recognised and measured similarly to contractual payables but are not classified as financial instruments and 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.

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

5.3 CONTRACT LIABILITIES

(\$'000)

	2022	2021
Opening balance brought forward	7,085	6,955
Add: Payments received from performance obligations yet to be completed during the period	12,015	10,666
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(10,871)	(10,536)
Total contractual liabilities	8,229	7,085
Represented by		
Current contract liabilities	6,757	5,758
Non-current contract liabilities	1,472	1,327

Contract liabilities (deferred revenue) represent consideration received in advance from customers as follows:

Practitioner registration fees (Building & Plumbing), licence fees (Plumbing) and building permit levy

Yearly registration and licence renewal fees received throughout the year are recognised as revenue on a pro-rata basis. Plumbing registration is recognised over a period of three years from the date paid. For registration and licence renewal fees received relating to the subsequent years are recognised at year-end as contract liabilities. For building permit levy received relating to 1 July 2022 are recognised at year-end as contract liabilities.

5.4 OTHER PROVISIONS

(\$'000)

	2022	2021
Current provisions		
Onerous contracts	936	936
Total current other provisions	936	936
Non-current provisions		
Make-good provision	686	662
Total non-current other provisions	686	662
Total other provisions	1,622	1,598

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.

Reconciliation of movements in other provisions

(\$'000)

	Make-good	Onerous contracts	Total
2022			
Opening Balance	662	936	1,598
Additional provisions recognised	24	-	24
Closing balance	686	936	1,622
Current	-	936	936
Non-current	686	-	686
Total other provisions	686	936	1,622

When some or all 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.

Make-good provision

Under the Goods Shed North lease agreement, the VBA agreed to bring the leased property back to its original condition, requiring future costs to dismantle and remove the office fit-out at the end of the lease. Under AASB 137 Provisions, Contingent Liabilities and Contingent Assets, the VBA has recognised this liability at the commencement of the lease, rather than at the end of the lease when the make-good work will be done.

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.

5.5 OTHER NON-FINANCIAL ASSETS

(\$'000)

	2022	2021
Current other assets		
Prepayments	2,098	1,380
Total current other assets	2,098	1,380
Total other non-financial assets	2,098	1,380

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

5.6 OTHER LIABILITIES

(\$'000)

	2022	2021
Domestic building list clearing	442	762
HIH clearing	8	8
DBDRV clearing	1,250	2,598
Unclaimed monies	8	9
Total other liabilities	1,708	3,377

5.7 MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES AND OTHER LIABILITIES^(a)

(\$'000)

2022	Carrying amount	Maturity dates				
		Nominal amount	Less than 1 month	1-3 months	3 months -1 year	1-5 years
Payables ^(b)						
Contract payables	10,674	10,695	10,713	(13)	(4)	-
Security deposits ^(c)	2,856	2,856	-	-	-	2,856
Other liabilities	1,708	1,708	1,708	-	-	-
Total	15,238	15,259	12,421	(13)	(4)	2,856
2021	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months -1 year	1-5 years
Payables ^(b)						
Contract payables	16,649	16,649	16,484	235	(70)	-
Security deposits ^(c)	2,491	2,491	-	-	-	2,491
Other liabilities	3,377	3,377	3,377	-	-	-
Total	22,517	22,517	19,861	235	(70)	2,491

Note:

(a) Maturity analysis is presented using the contractual undiscounted cash flows.

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

(c) Security deposits are bonds paid by consumers for relocatable homes. Building permits lapse after two years so it is expected 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.

Note 6. How we financed our operations

This section provides information on the sources of finance utilised by the VBA during its operations, along with interest expenses and other information related to 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	Leases
6.3	Cash and deposits
6.4	Commitments for expenditure

6.1 INTEREST BEARING LIABILITIES

(\$'000)

	2022	2021
Current interest-bearing liabilities		
Lease liabilities ^(a)	2,296	1,883
Total current interest-bearing liabilities	2,296	1,883
Non-current interest-bearing liabilities		
Lease liabilities ^(a)	4,082	5,007
Total non-current interest-bearing liabilities	4,082	5,007
Total interest-bearing liabilities	6,378	6,890

Notes:

(a) Secured by the assets leased. Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

All interest-bearing liabilities 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 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.

6.1.1 Maturity analysis of interest-bearing liabilities

(\$'000)

2022	Carrying amount	Maturity dates				
		Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Lease liabilities	6,378	6,210	208	416	1,785	3,801
Total	6,378	6,210	208	416	1,785	3,801
2021	Carrying amount	Nominal amount	Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Lease liabilities	6,890	7,197	171	341	1,534	5,151
Total	6,890	7,197	171	341	1,534	5,151

6.1.2 Interest expense

(\$'000)

	Note	2022	2021
Interest expense on lease liabilities	6.2.2	187	276
Expenses relating to short term leases		-	4
Total interest expense		187	280

6.2 LEASES

The VBA leases various properties and motor vehicles. The properties lease contracts are typically made for fixed periods of 5 years with an option to review the lease after that date. Lease payments are renegotiated every 5 years to reflect market rentals. The motor vehicles lease contracts with Vicfleet are made for a fixed period of 3 years.

6.2.1 Right-of-use-assets

Right-of-use assets are presented in note 4.1(a).

6.2.2 Amounts recognised in the comprehensive operating statement

The following amounts are recognised in the comprehensive operating statement relating to leases:

(\$'000)

	2022	2021
Interest expense on lease liabilities	187	276
Expenses relating to short term leases	-	4
Total amount recognised in the comprehensive operating statement	187	280

6.2.3 Amounts recognised in the cashflows statement

The following amounts are recognised in the cashflows statement for the year ending 30 June 2022 relating to leases.

	(\$'000)	
	2022	2021
Total cash outflow for leases	1,913	2,338

For any new contracts entered into, the VBA considers whether a contract is, or contains, a lease. A lease is defined as "a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period in exchange for consideration". To apply this definition the VBA assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the VBA and for which the supplier does not have substantive substitution rights;
- the VBA has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and the VBA has the right to direct the use of the identified asset throughout the period of use; and
- the VBA has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

Separation of lease and non-lease components

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

Recognition and measurement of leases as a lessee

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable, or the VBA incremental borrowing rate

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable;

- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date;
- amount expected to be payable under a residual value guarantee; and
- payments arising from purchase and termination options reasonably certain to be exercised.

Lease liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest accrued. It is remeasured to reflect any reassessment or modification, or if there are changes in substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or the comprehensive operating statement if the right of use asset is already reduced to zero.

Short-term leases and leases of low value assets

The VBA has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in the comprehensive operating statement on a straight-line basis over the lease term.

Presentation of right-of-use assets and lease liabilities

The VBA presents right-of-use assets as "building" and "motor vehicles" unless they meet the definition of investment property, in which case they are disclosed "investment property" in the balance sheet. Lease liabilities are presented as "Interest bearing liabilities" in the balance sheet.

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.

(\$'000)

	2022	2021
Total cash and deposits disclosed in balance sheet	39,542	52,617
Total cash and deposits	39,542	52,617

6.3.1 Reconciliation of net result for the period to cash flow from operating activities

(\$'000)

	2022	2021
Net result for the year	(7,228)	15,835
Non-cash movements		
Depreciation and amortisation of non-current assets	5,207	5,075
Net gain/(loss) on disposal of property, plant and equipment	(210)	(1)
Movements in assets and liabilities:		
(Increase)/decrease in receivables	182	50
(Increase)/decrease in prepayments	(718)	(637)
Increase/(decrease) in contract liabilities	1,144	129
Increase/(decrease) in payables	(6,719)	16,910
Increase/(decrease) in provisions	545	933
Net cash flows from operating activities	(7,797)	38,294

6.3.2 Non-cash investing and financing activities

(\$'000)

	2022	2021
Additions to the right-of-use assets	449	-
Transfer out leases to CSV	-	(1,795)
Total non-cash investing and financial activities	449	(1,795)

6.4 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 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.

(\$'000)

Nominal amounts 2022	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	124	500	-	624
Other commitments payable	1,368	1,715	-	3,083
Total commitments (inclusive of GST)	1,492	2,215	-	3,707
Less: GST recoverable	136	202	-	338
Total commitment (exclusive of GST)	1,356	2,013	-	3,369
Nominal amounts 2021	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	-	-	-	-
Other commitments payable	-	-	-	-
Total commitments (inclusive of GST)	-	-	-	-
Less: GST recoverable	-	-	-	-
Total commitment (exclusive of GST)	-	-	-	-

Note 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.

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

Introduction

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.

Categories of financial assets

Financial assets at amortised cost

Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- The assets are held by the VBA to collect the contractual cash flows; and
- The assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

The VBA recognised the following assets in this category:

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

Categories of financial liabilities

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 the comprehensive operating statement 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;
- other 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 either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has 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.

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 are recognised as an 'other economic flow' in the comprehensive operating statement.

The carrying amounts of the VBA's contractual financial assets and financial liabilities by category as follows:

7.1.1 Financial instruments: Categorisation

(\$'000)

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
2022				
Contractual financial assets				
Cash and deposits	39,542	-	-	39,542
Receivables ^(a)	-	340	-	340
Total contractual financial assets	39,542	340	-	39,882
Contractual financial liabilities				
Contractual payables	-	-	10,673	10,673
Other liabilities	-	-	1,709	1,709
Interest-bearing liabilities	-	-	6,378	6,378
Security deposits	-	-	2,856	2,856
Total contractual financial liabilities	-	-	21,616	21,616
2021				
Contractual financial assets				
Cash and deposits	52,617	-	-	52,617
Receivables ^(a)	-	327	-	327
Total contractual financial assets	52,617	327	-	52,944
Contractual financial liabilities				
Contractual payables	-	-	16,649	16,649
Other liabilities	-	-	3,377	3,377
Interest-bearing liabilities	-	-	6,890	6,890
Security deposits	-	-	2,491	2,491
Total contractual financial liabilities	-	-	29,407	29,407

Note:

(a) The total amounts disclosed here exclude statutory amounts (e.g. amounts owing from statutory levies and GST input tax credit recoverable and taxes payables).

71.2 Financial instruments – Net holding gain/(loss) on financial instruments by category

(\$'000)

	Net holding gain/(loss)		Total interest income/(expense)		Total	
	2022	2021	2022	2021	2022	2021
Contractual financial assets						
Cash and deposits	-	-	120	341	120	341
Total contractual financial assets	-	-	120	341	120	341
Contractual financial liabilities						
Interest-bearing liabilities	-	-	(187)	(276)	(187)	(276)
Total contractual financial liabilities	-	-	(187)	(276)	(187)	(276)

71.3 Financial risk management objectives and policies

The VBA's principal financial instruments comprise cash assets, receivables (excluding statutory receivables), payables (excluding statutory payables) and interest-bearing 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 and financial liability instrument, are disclosed in Note 71.

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 risks include credit risk, liquidity risk and interest rate risk. VBA manages these financial risks in accordance with its financial risk management policy. The VBA does not enter into derivative financial instruments to manage exposure to interest rate risk.

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 impairment. 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 for impairment of 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 which are more than 60 days overdue and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as transactions expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

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.

There has been no material change to VBA's credit risk profile in 2021-22.

Credit quality of contractual financial assets that are neither past due nor impaired

(\$'000)

2022	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Other (min triple-B credit rating)	Total
Contractual financial assets				
Cash and deposits	39,542	-	-	39,542
Receivables ^(a)	-	-	340	340
Total contractual financial assets	39,542	-	340	39,882

2021	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Other (min triple-B credit rating)	Total
Contractual financial assets				
Cash and deposits	52,617	-	-	52,617
Receivables ^(a)	-	-	327	327
Total contractual financial assets	52,617	-	327	52,944

Note:

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

Impairment of financial assets under AASB 9

VBA records the allowance for expected credit loss (ECL) for the relevant financial instruments applying AASB 9 ECL approach. AASB 9 impairment assessment includes the VBA's contractual receivables, statutory receivables and its investment in debt instruments.

Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was nil.

Contractual receivables at amortised cost

VBA applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about the risk of default and expected loss rates. The VBA has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the VBA's past history, existing market conditions, as well as forward- looking estimates at the end of the financial year. The impact of the coronavirus does not have material effect on estimates including in calculation such as provision and expected credit loss.

On this basis, the VBA determines the closing loss allowance at end of the financial year as follows:

(\$'000)

30 June 2022	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	10%	12%	15%	48%	100%	-
Contractual Receivables	95	63	-	-	182	340
Other Statutory Receivables	163	34	39	246	2,443	2,925
Gross carrying amount of contractual receivables	258	97	39	246	2,625	3,265
Loss allowance	26	11	6	118	2,625	2,786
30 June 2021	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	12%	12%	13%	14%	100%	-
Contractual Receivables	6	-	-	61	260	327
Other Statutory Receivables	300	136	57	147	2,264	2,904
Gross carrying amount of contractual receivables	306	136	57	208	2,524	3,231
Loss allowance	37	17	8	29	2,524	2,615

Reconciliation of the movement in the loss allowance for contractual receivables is shown as follows:

(\$'000)

	2022	2021
Balance at beginning of the year	(2,615)	(2,217)
Increase in provision recognised in the net result	(171)	(398)
Balance at end of the year	(2,786)	(2,615)

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment loss is classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

VBA's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term.

Financial Instruments – Liquidity risk

Liquidity risk arises when the VBA would be unable to meet its financial obligations as they fall due. The VBA operates under the Government's 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 prior periods' data and current assessment of risk.

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, other financial assets and interest bearing liabilities. 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 below.

Financial Instruments - 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 that are at floating rate.

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

Management has concluded for cash at bank, as financial assets that can be left at floating rate without necessarily exposing VBA to significant bad risk, management monitors movement in interest rates on a daily basis.

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 in the table that follows.

Interest rate exposure of financial instruments

(\$'000)

2022	Weighted average interest rate %	Carrying amount	Fixed interest rate	Interest rate exposure	
				Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.43%	39,542	-	39,542	-
Receivables ^(a)		340	-	-	340
Total financial assets		39,882	-	39,542	340
Financial liabilities					
Payables:					
Contract payables	-	10,674	-	-	10,674
Other liabilities	-	1,708	-	-	1,708
Security deposits	-	2,856	-	-	2,856
Interest-bearing liabilities:					-
Lease liabilities	2.94%	6,378	6,378	-	-
Total financial liabilities		21,616	6,378	-	15,238

(\$'000)

2021	Weighted average interest rate %	Carrying amount	Fixed interest rate	Interest rate exposure	
				Variable interest rate	Non-interest bearing
Financial assets					
Cash and deposits	0.35%	52,617	-	52,617	-
Receivables ^(a)		327	-	-	327
Total financial assets		52,944	-	52,617	326
Financial liabilities					
Payables:					
Contract payables	-	16,649	-	-	16,649
Other liabilities	-	3,377	-	-	3,377
Security deposits	-	2,491	-	-	2,491
Interest-bearing liabilities:					-
Lease liabilities	3.69%	6,890	6,890	-	-
Total financial liabilities		29,407	6,890	-	22,517

Note:

(a) Amounts disclosed in this table exclude holding gains and losses related to statutory financial assets and liabilities

Interest risk sensitivity

(\$'000)

2022			Interest rate
	Carrying amount	-100 basis points ^(a) Net result	+100 basis points ^(a) Net result
Contractual financial assets			
Cash and deposits	39,542	(395)	395
Total impact	39,542	(395)	395

(\$'000)

2021			Interest rate
	Carrying amount	-50 basis points ^(a) Net result	+50 basis points ^(a) Net result
Contractual financial assets			
Cash and deposits	52,617	(263)	263
Total impact	52,617	(263)	263

Note:

(a) To align with the current market conditions, a revised market interest rate at +/- 100 basis points was applied in the interest risk sensitivity assessment during the 2021-22 financial year. In 2020-21 +/- 50 basis points was applied in the interest rate assessment.

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, 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.

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.

Quantifiable contingent liabilities

1. Quantifiable Claims

(\$'000)

	2022	2021
Quantifiable claims ^(a)	2,034 to 3,575	1,890 to 2,823

Note:

(a) Quantifiable claims include those which may arise from legal proceedings and disputes. The amounts are estimates pending finalisation of cost orders.

2. Non-Quantifiable Claims

Apart from the above, a number of potential obligations are non-quantifiable at this time arising 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 judgment: Fair value measurements of assets and liabilities.

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.

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.

The following assets and liabilities are carried at fair value:

- land,
- buildings,
- plant and equipment.

In addition, the fair values 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 values 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 reassessing 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 of Victoria (VGV) is the VBA's independent valuation agency. The VBA, in conjunction with VGV, 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 values and net fair values of financial assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument with standard terms and conditions and traded in active liquid markets are 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 that are recorded in the financial statements 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 in the ordinary course of business.

These financial instruments include:

Financial assets	Financial liabilities
Cash and deposits	Payables for supplies and services
Receivables	Other liabilities
	Interest-bearing liabilities
	Security deposits

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

The carrying value of those financial instruments measured at amortised cost approximate their fair value.

7.3.2 Fair value determination of non-financial physical assets

FAIR VALUE MEASUREMENT HIERARCHY

(\$'000)

	Carrying amount as at 30 June 2022	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Non-specialised land	1,075	-	1,075	-
Total of land at fair value	1,075	-	1,075	-
Buildings at fair value				
Non-specialised buildings	5,676	-	840	4,836
Total of buildings at fair value	5,676	-	840	4,836
Plant, equipment and vehicles at fair value	2,409	-	-	2,409
Total plant, equipment and vehicles at fair value	2,409	-	-	2,409

(\$'000)

	Carrying amount as at 30 June 2021	Fair value measurement at end of reporting period using:		
		Level 1 ^(a)	Level 2 ^(a)	Level 3 ^(a)
Land at fair value				
Non-specialised land	910	-	910	-
Total of land at fair value	910	-	910	-
Buildings at fair value				
Non-specialised buildings	6,880	-	680	6,200
Total of buildings at fair value	6,880	-	680	6,200
Plant, equipment and vehicles at fair value	2,540	-	-	2,540
Total plant, equipment and vehicles at fair value	2,540	-	-	2,540

Note:

(a) Classified in accordance with the fair value hierarchy. There have been no transfers between levels during the period.

RECONCILIATION OF LEVEL 3 FAIR VALUE MOVEMENTS

(\$'000)

2022	Plant & equipment & vehicles	Buildings
Opening balance	2,540	6,200
Transfers in/(out) of Level 3	-	-
Purchases/(sales)	1,058	450
Depreciation	(1,189)	(1,814)
Reclassification	-	-
Impairment loss	-	-
Closing balance	2,409	4,836

(\$'000)

2021	Plant & equipment & vehicles	Buildings
Opening balance	3,527	10,156
Transfers in/(out) of Level 3	(434)	(1,524)
Purchases/(sales)	628	-
Depreciation	(1,156)	(2,402)
Reclassification	(25)	(30)
Impairment loss	-	-
Closing balance	2,540	6,200

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

2022 and 2021	Valuation technique	Significant unobservable inputs
Buildings – right-of-use	Market approach	Discount rate
Motor vehicles	Depreciated replacement cost	Useful life of vehicles
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment

Significant unobservable inputs have remained unchanged since June 2021.

Note 8. Other disclosures

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

8.1	Other economic flows included in net result
8.2	Asset Revaluation Reserve
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	Business unit financial information – Cladding Rectification Program and Regulatory
8.11	Contributions by owners
8.12	Glossary of technical terms
8.13	Style conventions
8.14	Other accounting policies

8.1 OTHER ECONOMIC FLOWS INCLUDED IN NET RESULTS

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. 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 the bond interest rates; and
- reclassified amounts relating to available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/(loss) on non-financial assets includes unrealised and realised gain/(loss) from revaluation, impairments, and disposals of all physical assets and intangible assets, except when these are taken through the asset revaluation surplus.

	(\$'000)	
	2022	2021
Net gain/(loss) on non-financial assets		
Net gain/(loss) on non-financial assets	210	1
Balance at the end of financial year	210	1

8.2 ASSET REVALUATION RESERVE

(\$'000)

	2022	2021
Asset revaluation surplus ^(a)		
Balance at the beginning of financial year	403	363
Revaluation increments/(decrements)	342	40
Balance at the end of financial year	745	403
Net changes in reserves	342	40

Note:

(a) The asset revaluation reserve arises on the revaluation of land and buildings. The land and buildings owned by the VBA were independently revalued by the Valuer General Victoria in 2020-21. A managerial assessment and revaluation was undertaken in 2021-22.

8.3 RESPONSIBLE PERSONS

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

Minister	
Hon Richard Wynne MLC, Minister for Planning	1 July 2021 - 27 June 2022
Hon Lizzie Blandthorn MP, Minister for Planning	27 June 2022 - 30 June 2022
Governing Board	
Michelle Mclean, Chief Commissioner	1 July 2021 - 30 June 2022
Justin Madden AM, Deputy Chief Commissioner	1 July 2021 - 7 September 2021 1 October 2021 - 30 June 2022
Yvonne Von Hartel AM, Commissioner	1 July 2021 - 30 June 2022
Kelly Humphreys, Commissioner	1 July 2021 - 30 June 2022
Carmel Coate, Commissioner	1 July 2021 - 30 June 2022
Dr Julia Cornwell McKean, Commissioner	1 July 2021 - 30 June 2022
Salvatore Torre, Commissioner	1 July 2021 - 30 June 2022
Ross Kennedy, Commissioner	1 July 2021 - 30 September 2021
Anna Skreiner, Commissioner	1 July 2021 - 30 September 2021
Murray Coleman OAM, Commissioner	1 October 2021 - 30 June 2022
Dr Gillian Sparkes AM, Commissioner ^(a)	1 October 2021 - 30 June 2022
Thu-Trang Tran, Commissioner	1 October 2021 - 30 June 2022
Simon Weir, Commissioner	1 October 2021 - 30 June 2022
Accountable Officer	
Sue Eddy, CEO and Accountable Officer	1 July 2021 - 30 June 2022

(a) Dr Gillian Sparkes AM is the Commissioner for Environmental Sustainability Victoria and received nil remuneration from the VBA in 2021-22.

Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2022. 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, were:

	2022	2021
Income band (\$)	no.	no.
0,000 – 9,999	1	-
10,000 – 19,999	2	-
20,000 – 29,999	-	1
30,000 – 39,999	4	7
40,000 – 49,999	5	2
80,000 – 89,999	1	-
440,000 – 449,999	-	1
450,000 – 459,999	1	-
Total number of responsible persons	14	11
Total remuneration received, or due and receivable by Responsible Persons from the VBA services for the financial period: (\$'000)	894	805

8.4 REMUNERATION OF EXECUTIVES

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.

Termination benefits include termination of employment payments, such as severance packages.

(\$'000)

Remuneration of Executive Officers	Total remuneration	
	2022	2021
(Including key management personnel (KMP) disclosed in note 8.5)		
Short-term employee benefits	2,171	3,261
Post-employment benefits	164	242
Other long-term benefits	48	79
Termination benefits	12	6
Total remuneration	2,395	3,588
Total number of executives^(a)	11	14
Total annualised employee equivalents^(b)	7	8

Notes:

(a) 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.

(b) Annualised employee equivalent is based on the time fraction worked over the reporting period.

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.

Significant transactions with government-related entities

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

The VBA received grants from DELWP for \$11.86 million (2021: \$48.99 million) – Refer to Note 2.2 Grant income.

The VBA oversees the collection of cladding rectification levy on behalf of CSV. The amount of cladding rectification levy payable as at 30 June 2022 to CSV is \$7.66 million (2021: \$8.74 million) – Refer to Note 5.2 Payables.

Other amount payable to government-controlled entities including Consumer Affairs Victoria's share of the building levy and domestic building practitioner registration fees of \$1.70 million (2021: \$3.36 million) and the Department's policy function support contribution of \$ nil (2021: \$740,287).

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

(\$'000)

Government-related entities	2022	2021
CSV ^(a)	78,315	34,142
Consumer Affairs Victoria ^(b)	20,403	16,182
Department of Environment, Land, Water and Planning ^(c)	2,260	913
Victorian Managed Insurance Authority ^(d)	3,007	2,240
Other departments and agencies ^(d)	2,410	2,667
Total aggregate transactions	106,395	56,144

Notes:

(a) This represents the remittance of cladding rectification levy to CSV.

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

(c) Supports the policy function of the Department and other miscellaneous services.

(d) 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 senior executives of the VBA as indicated below:

Andrew Cialini, State Building Surveyor	1 July 2021 – 30 June 2022
Karen Wild, Executive Director People and Capability	1 July 2021 – 30 June 2022
David Black, Executive Director Building System Technology	1 July 2021 – 30 June 2022
Ian Shinkfield, Chief Finance Officer	1 July 2021 – 23 July 2021
Cherryl Simmons, Acting Chief Finance Officer	1 July 2021 – 10 October 2021
Katrina Excell, Chief Finance Officer	10 October 2021 – 30 June 2022
Todd Bentley, Chief Risk Officer	1 July 2021 – 30 June 2022
Alison Byrne, Chief Operations Officer	1 July 2021 – 5 October 2021
Jocelyn Crawford, Acting Chief Operations Officer	6 September 2021 – 8 May 2022
Ann King, Chief Operations Officer	9 May 2022 – 30 June 2022
John Sullivan, Director Governance	9 August 2021 – 30 June 2022

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the State's AFR.

(\$'000)

Compensation of KMP	2022	2021
Short-term employee benefits	2,990	4,003
Post-employment benefits	228	295
Other long-term benefits	60	89
Termination benefits	12	6
Total	3,290	4,393

Remuneration of staff who have acted in the executive position (KMP) for over two months have been included in the table above.

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 Victorian Government Purchasing Board requirements.

During 2021-22, Ms Sue Eddy served as a Council Member for RMIT University, a board member of Australian Building Codes Board, and an Executive in Residence of Melbourne Business School. As part of the VBA research program, the VBA Board granted \$22,000 to RMIT University in 2021-22 (\$Nil 2020-21). Payments totalling \$1.04m (\$1.3m 2020-21) were made to the Australian Building Codes Board on behalf of the Victorian Government. No payments were made to the Melbourne Business School. Ms Eddy does not have any involvement in the awarding of these grants and payments and does not receive any remuneration for any of these roles.

Outside of normal citizen type transactions with the VBA, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

8.6 REMUNERATION OF AUDITORS

	(\$'000)	
	2022	2021
Victorian Auditor-General's Office		
Audit of the financial statements	58	67
Total remuneration of auditors	58	67

8.7 SUBSEQUENT EVENTS

Coronavirus effects on post pandemic reporting forecasts

Economic uncertainty created by the ongoing impact of the coronavirus means actual economic events and conditions in the future may be materially different from those estimated by the VBA at the reporting date. As government responses continue to evolve after the reporting date, it is challenging to reliably estimate the

potential impact of the coronavirus pandemic on the VBA, its operations, future results and financial position in the post pandemic phase.

No other matters or circumstances have arisen since the end of the financial year that significantly affected or may affect the operations of the VBA, its operations or the state of affairs of the VBA in future financial years.

8.8 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised Australian Accounting Standards (AAS) have been issued but not effective for the 30 June 2022 reporting period. These accounting standards have not been applied to the VBA Financial Statements. The State is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current

This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued *AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date* to defer the application by one year to periods beginning on or after 1 January 2023. The VBA will not early adopt the Standard.

The VBA is in the process of analysing the impacts of these Standards. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the VBA's reporting.

- AASB 2020-3 Amendments to Australian Accounting Standards – Annual Improvements 2018- 2020 and Other Amendments.
- AASB 2021-2 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.
- AASB 2021-6 Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards

8.9 SECURITY DEPOSITS

(\$'000)

	2022	2021
Security deposits	2,856	2,491
Total security deposits	2,856	2,491

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 to be 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 BUSINESS UNIT FINANCIAL INFORMATION – CLADDING RECTIFICATION PROGRAM AND REGULATORY

This note outlines the net operating result of the cladding rectification program and the regulatory business of the VBA. In FY22, Cladding Rectification Program was no longer a business unit within the VBA as a result of its transfer to CSV, a new entity from 1 December 2020.

(\$'000)

2022	Cladding Rectification Program	Regulatory	Total
Levies, fees and fines revenue	-	75,908	75,908
Grant income	-	14,090	14,090
Interest income	-	120	120
Other income	-	715	715
Total revenue and income	-	90,833	90,833
Total expenses	-	98,271	98,271
Net result from operations	-	(7,438)	(7,438)
Total cash and cash equivalents at end of the year	-	39,542	39,542

(\$'000)

2021	Cladding Rectification Program ^(a)	Regulatory	Total
Levies, fees and fines revenue	20,351	69,850	90,201
Grant income	35,633	13,880	49,513
Interest income	-	341	341
Other income	-	255	255
Total revenue and income	55,984	84,326	140,310
Total expenses	21,901	102,574	124,475
Net result from operations	34,083	(18,248)	15,835
Total cash and cash equivalents at end of the year	-	52,617	52,617

Note:

(a) This represents five monthly comprehensive result from the Cladding Rectification Program before its transfer to CSV, a new entity from 1 December 2020

8.11 CONTRIBUTIONS BY OWNERS

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the VBA.

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.

8.12 GLOSSARY OF TECHNICAL TERMS

Actuarial gains or losses on superannuation defined benefit plans are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred)
- the effects of changes in actuarial assumptions.

Amortisation

Amortisation is the expense which 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 Treasury Corporation Victoria, lease liabilities 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

Comprehensive result is the amount included in the operating statement representing total change in net worth other than transactions with owners as owners.

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 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 instrument, 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 benefits superannuation plans, and defined contribution superannuation plans.

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 deliver 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 expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term borrowings, amortisation of discounts or premiums relating to borrowings, interest component of finance leases 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.

Leases

As conveyed in a contract, or part of a contract, the right of use an underlying asset for a period of time in exchange for consideration.

Net result from transactions/net operating balance

Net result from transactions or net operating balance is a key fiscal aggregate and is revenue 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, which is 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, cultural and heritage assets, intangible and biological assets such as commercial forests.

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. In simple terms, other economic flows are changes arising from market remeasurements. They include:

- (a) gains and losses from disposals, revaluation and impairments of non-financial physical and intangible assets;
- (b) fair value changes of financial instruments and agricultural assets; and
- (c) 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 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.

Produced assets

Produced assets include buildings, plant and equipment, inventories, cultivated assets and certain intangible assets. Intangible produced assets may include computer software, motion picture films and research and development costs (which does not include the start-up costs associated with capital projects).

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 market place 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 which own them.

Receivables

Receivables Include 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.

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.

8.13 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.

The notation used in the tables is as follows:

..	zero, or rounded to zero
(xxx.x)	negative numbers
200x	year period
200x-0x	year period

The financial statements and notes are presented based on the illustration for a government department in the 2021-22 Model Report for Victorian Government Departments. The presentation of other disclosures is generally consistent with the other disclosures made in earlier publications of VBA's annual reports.

8.14 OTHER ACCOUNTING POLICIES

Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In the latter case, GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the Balance Sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities that were recovered from, or paid to, the taxation authority, are presented as an operating cash flow.



7

APPENDICES

Appendices

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Appendix A

Disclosure index

The annual report of the VBA is prepared in accordance with all relevant Victorian legislation and pronouncements. This index has been prepared to facilitate identification of the VBA's compliance with statutory disclosure requirements.

To refer to the relevant requirements for the corresponding disclosure requirements, click on the corresponding page references.

Legislation	Requirement	Page reference
Report of operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	9
FRD 22	Purpose, functions, powers and duties	7–9
FRD 22	Key initiatives and projects	14–19
FRD 22	Nature and range of services provided	9
Management and structure		
FRD 22	Organisational structure	67
Financial and other information		
FRD 10	Disclosure index	144–146
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FRD 22	Employment and conduct principles	151
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FRD 22	Summary of the financial results for the year	17
FRD 22	Significant changes in financial position during the year	18
FRD 22	Major changes or factors affecting performance	18
FRD 22	Subsequent events	136
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	74
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	75
FRD 22	Statement on National Competition Policy	75
FRD 22	Application and operation of the <i>Public Interest Disclosures Act 2012</i>	76
FRD 22	Details of consultancies over \$10,000	73

Legislation	Requirement	Page reference
FRD 22	Details of consultancies under \$10,000	73
FRD 22	Disclosure of government advertising expenditure	73
FRD 22	Disclosure of ICT expenditure	74
FRD 22	Statement of availability of other information	80
FRD 24	Reporting of office-based environmental impacts	77-80
FRD 25	Local Jobs First	73
FRD 29	Workforce data disclosures	152-154
SD 5.2	Specific requirements under Standing Direction 5.2	2
Compliance attestation and declaration		
SD 5.1.4	Attestation for compliance with Ministerial Standing Direction	83
SD 5.2.3	Declaration in report of operations	2
Financial statements Declaration		
SD 5.2.2	Declaration in Financial statements	81
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	91
SD 5.2.1(a)	Compliance with Standing Directions	81
SD 5.2.1(b)	Compliance with Model Financial Report	141
Other disclosures as required by FRDs in Notes to the financial statements(a)		
FRD 11	Disclosure of ex gratia expenses	N/A
FRD 21	Disclosures of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	132-135
FRD 103	Non-financial physical assets	102, 130
FRD 110	Cash flow statements	89
FRD 112	Defined benefit superannuation obligations	99
FRD 114	Financial instruments — general government entities and public non-financial corporations	119-122

Note:

References to FRDs have been removed from the Disclosure Index if the specific FRDs do not contain requirements that are in the nature of disclosure.

Legislation	Page reference
<i>Freedom of Information Act 1982</i>	74
<i>Building Act 1993</i>	75
<i>Public Interest Disclosures Act 2012</i>	76
<i>Disability Act 2006</i>	76
<i>Local Jobs Act 2003</i>	73
<i>Financial Management Act 1994</i>	91

Appendix B

People data

Occupational health and safety

The VBA negotiated new Designated Working Groups (DWGs) with employees and the Community and Public Sector Union (CPSU) this year. The new DWGs better reflect the VBA's approach to hybrid working and risk profile. The DWGs have led to the election of new Health and Safety Representatives (HSRs). The ongoing focus will be to continue to embed the new Health and Safety Committee and work together to enhance engagement and consultation for health, safety and wellbeing.

The VBA provided staff with additional support to work safely in the COVID-19 environment. This included infection control training facilitated by healthcare professionals, training on the correct use of personal protective equipment, and COVIDSafe inductions for people returning to work in the office. The VBA worked with Department of Health and Department of Justice and Community Safety to monitor COVID-19 compliance in the construction industry following the shut down and reopening of the industry in 2021.

The VBA also focused on occupational violence and aggression, taking a more formal approach to support employees that are subjected to aggression and abuse in their line of work. This included asking employees to report the abuse through the VBA's incident and injury management process, implementing managed communication mechanisms, where warranted, and training our employees in Operational Safety Tactical training.

OHS at the VBA

Table 18: Performance against occupational health and safety management measures

Measure	Key performance indicator	2021–22	2020–21
Incidents and injuries ²⁶	Number of incidents	43 ²⁹	12
	Incident rate per 100 FTE (%)	8.6	2.38
	Number of incidents requiring first aid and/or further medical treatment	5	10
	Number of injuries	5	10
	Injury rate per 100 FTE (%)	0.01	1.79
	Total recordable injury frequency rate (TRIFR)	4.70	3.27
	Medical treated injury frequency rate (MTIFR)	1.88	0.82
	Lost time injury frequency rate (LTIFR)	2.82	2.45
Claims	Number of standard claims ²⁷	2	5
	Rate per 100 FTE (%)	1	1.3
	Number of lost time claims	2	4
	Rate per 100 FTE (%)	0.04	0.97
	Number of claims exceeding 13 weeks	0	0
	Rate per 100 FTE (%)	0	0
	Dependency claims ²⁸	1	0
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim (\$)	4,295.60	1,511
Return to work (RTW)	Percentage of claims with RTW plan <30 days	50	22
Management commitment	Evidence of OHS policy statement, OHS objectives, regular reporting to senior management of OHS, and OHS plans (signed by CEO or equivalent)	Evidence in place	Evidence in place
	Evidence of OHS criteria in purchasing guidelines (including goods, services and personnel)	Evidence in place	Evidence in place
Consultation and participation	Evidence of agreed structure of:		
	- designated workgroups (DWGs)	Evidence in place	Evidence in place
	- health and safety representatives (HSRs)	Evidence in place	Evidence in place
	- issue resolution procedures (IRPs)	Evidence in place	Evidence in place
	Compliance with agreed structure on DWGs, HSRs, and IRPs	Evidence in place	Evidence in place
	Number of OHS Committee meetings	4	6

26. Incidents and injuries include all recordable work-related incidents and near misses, reported by VBA employees and contractors.

27. Data sourced from the VBA's WorkCover insurer, Allianz, on behalf of the Victorian WorkCover Authority and refers to accepted claims only.

28. A Dependency Claim was received in the 2021–22 financial year.

29. An increase in the number of incidents recorded can be attributed to the introduction of report mechanisms for injuries in 2021–22.

Table 18: Performance against occupational health and safety management measures (continued)

Measure	Key performance indicator	2021–22	2020–21
Risk management	Percentage of internal audits/inspections conducted as planned (%)	100	100
	Percentage of reported incidents investigated (%) ³⁰	100	22
	Number of improvement notices issued across the VBA by WorkSafe Inspector	N/A	N/A
	Percentage of issues identified and actioned arising from:		
	internal audits (%)	100	100
	HSR provisional improvement notices (PINs) (%)	N/A ³¹	N/A ³¹
	WorkSafe notices (%)	N/A ³²	N/A ³²
Training	Percentage of managers and staff that have received OHS training:		
	- induction (%)	100	100
	- management training (%)	100	100
	- contractors and temporary (%)	100	100
	Percentage of HSRs trained:		
	- upon acceptance of role (initial training) (%)	N/A ³³	N/A ³³
	- retraining (annual refresher) (%)	N/A ³⁴	N/A ³⁴

30. This measure relates to incidents investigated internally and concluded as part of standard procedures. Incidents on sites of other organisations are not investigated because the VBA has no management or control on those sites. The year-on-year change is due to a policy change of debriefing and investigating all events for learning, rather than just those deemed more significant.

31. No HSR PINs received.

32. No WorkSafe notice received.

33. No new HSRs during the period.

34. No HSRs opted to undertake refresher training during the period.

Staff learning and development programs and participants

The VBA continued to strengthen the technical skills of its people, supporting staff to undertake tertiary qualifications in building and construction disciplines. The VBA also supported members of the inspections team to enhance their technical capability, enabling them to carry out a broader range of building and plumbing inspections.

The following table outlines some key programs in 2021–22.

Table 19: Learning and development programs and participants

VBA learning and development programs	Participation 2021–22
Situational Awareness and Tactical Communications (externally provided; for field staff)	80
Certificate IV in Government Investigations (externally provided; for investigators)	14
Psychological Safety in the Workplace (externally provided; for managers)	120
Inspection of Essential Safety Measures (externally provided; for inspectors)	40
COVIDSafe Return to the Office (internally provided; online; for all staff)	586
Flexible working at the VBA (internally provided, webinar; for all staff)	397
Leading a flexible team (internally provided, webinar; for Managers)	102
VBA Induction (internally provided, online; for new starters, including contractors)	164
VBA Induction Webinar (internally provided, webinar; for new starters)	96
IT Safety — Ransomware (internally provided; online; for all staff)	495
IT Safety — Whaling (internally provided; online; for all staff)	493
Engage program — Time management (internally provided, webinar; for all staff)	111
Engage program — Performance goals (internally provided, webinar; for all staff)	102
Engage program — Personal and Professional development (internally provided, webinar; for all staff)	85
Women in Leadership Programs: Leading Edge, Executive Ready, and Advanced Leadership	17

Public sector values, employment and conduct principles

All VBA policies and procedures were updated as part of the implementation of the new VBA Agreement 2020. The policies align with Victorian Public Service policies and are consistent with the public sector values and employment principles set out in the *Public Administration Act 2004*.

The VBA is committed to applying merit and equity principles when appointing staff. The selection processes ensure applicants are assessed and evaluated fairly and equitably based on the key selection criteria and other accountabilities without discrimination.

The VBA's commitment to the public sector values is evident in the establishment of an Integrity Unit to maintain and develop the VBA Integrity Framework. The Unit also provides employees with the guidance, training and systems needed to avoid and declare conflicts of interest and meet public sector expectations regarding the declaration and management of offers of gifts, hospitality, or other benefits.

The Integrity Framework consists of a full suite of policy and procedure documents regarding employee integrity requirements such as conflict of interest or gifts, which are reinforced by regular webinars, animations, and resource materials. Employees and executives were also required to undertake refresher training regarding their integrity obligations followed by attesting to their understanding of, and compliance with, these obligations.

Employees regularly sought advice on conflict of interest or gifts, benefits, and hospitality matters with the Integrity Unit resolving 109 such enquiries or concerns during the year.

The Risk, Audit and Finance Committee oversees the operation of the Conflict of Interest and the Gifts, Benefits and Hospitality policies.

Workforce inclusion

The VBA's 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 the VBA does. The VBA creates an inclusive culture where equal opportunity and diversity are valued.

At 30 June 2022, 48.4 per cent of the VBA identified as women and 51.2 per cent identified as men. The VBA executive is made up of 37.5 per cent women and 62.5 per cent men and the Executive Leadership Team is comprised of 50 per cent women and 50 per cent men.

Comparative workforce data

Table 20: Details of employment levels in June 2022

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the VBA (excluding CSV) employed in the last pay period of June 2022.

		All employees ³⁵		Ongoing ³⁶			Fixed-term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	Gender							
	Women	228	222.4	170	18	183.3	40	39.1
	Men	242	239.3	194	6	197.7	42	41.6
	Self-described	2	2	2	-	2	-	-
	Age							
	15–24	6	5.6	5	1	5.6	-	-
	25–34	105	103.8	83	4	85.8	18	18
	35–44	132	128.5	103	9	109	20	19.4
	45–54	129	127	103	7	108.2	19	18.8
	55–64	88	87.2	63	1	63.8	24	23.4
Classification data	65+	12	11.6	9	2	10.6	1	1
	VPS 1–6 grades							
	VPS 1	1	1	-	-	-	1	1
	VPS 2	82	79.8	64	5	67.4	13	12.5
	VPS 3	54	52.8	41	4	44	9	8.8
	VPS 4	69	67.3	55	4	57.4	10	9.9
	VPS 5	159	156.9	140	8	146	11	10.9
	VPS 6	64	63.5	50	2	51.7	12	11.8
	Senior employees							
	Senior Technical Specialists (STS)	27	26.5	16	1	16.5	10	10
	Executives	16	15.8	-	-	-	16	15.8
Total employees		472	463.7	366	24	383	82	80.6

35. This table excludes people engaged as contractors.

36. Ongoing employees include people engaged on an open-ended contract of employment.

Table 21: Details of employment levels in June 2021

The following table discloses the headcount and FTE of ongoing, fixed-term and casual employees of the VBA (excluding CSV) employed in the last pay period of June 2021.

		All employees ³⁷		Ongoing ³⁸		Fixed-term and casual		
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	Gender							
	Women	230	224	160	18	172.6	52	51.4
	Men	246	245	200	3	202.2	43	42.8
	Self-described	2	2	2	-	2	-	-
	Age							
	15–24	11	11	9	-	9	2	2
	25–34	118	116.2	91	5	94.3	22	21.9
	35–44	136	133.8	93	8	98.9	35	34.9
	45–54	129	127	107	6	111	16	16
	55–64	75	74.2	55	1	55.8	19	18.4
Classification data	65+	9	8.8	7	1	7.8	1	1
	VPS 1–6 grades							
	VPS 1	2	2	-	-	-	2	2
	VPS 2	77	75.3	64	4	66.4	9	8.9
	VPS 3	55	53.8	41	4	44	10	9.8
	VPS 4	79	78	60	3	62	16	16
	VPS 5	155	153	133	7	138.1	15	14.9
	VPS 6	67	64.9	49	3	51.3	15	14.6
	Senior employees							
	Senior Technical Specialists (STS)	25	25	15	-	15	10	10
Executives	18	18	-	-	-	18	18	
Total employees		478	471	362	21	376.8	95	94.2

37. This table excludes people engaged as contractors.

38. 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.

Table 22: Annualised total salary, by \$20,000 bands, for executives and other senior non-executive staff

The following table discloses the annualised total salary for senior employees of the VBA (excluding CSV), categorised by classification. The salary amount is reported as the full-time annualised salary.

Income band (salary)	Executives (TRP)	STS (base salary plus super)
< \$160,000	-	-
\$160,000–\$179,999	-	7
\$180,000–\$199,999	-	8
\$200,000–\$219,999	-	7
\$220,000–\$239,999	2	5
\$240,000–\$259,999	5	-
\$260,000–\$279,999	1	-
\$280,000–\$299,999	-	-
\$300,000–\$319,999	2	-
\$320,000–\$339,999	-	-
\$340,000–\$359,999	2	-
\$360,000–\$379,999	1	-
\$380,000–\$399,999	-	-
\$400,000–\$419,999	2	-
\$420,000–\$439,999	-	-
\$440,000–\$459,999	1	-
Total	16	27

Executive officer data

An executive officer 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*.

Table 23: Executive profile³⁹

Income band (salary)	2021–22				2020–21			
	Men	Women	Self-described	Vacancies	Men	Women	Self-described	Vacancies
CEO	-	1	-	-	-	1	-	-
Executive officers	10	5	-	1	8	9	-	-
Total	10	6	-	1	8	10	-	-

Table 24: Reconciliation of executive numbers³⁹

Income band (salary)		2021–22	2020–21
Add	Executives with total remuneration over \$100,000	15	17 ⁴⁰
	Vacancies	1	-
	Executives with total remuneration below \$100,000	-	-
	Accountable officer (CEO)	1	1
Total executive numbers at 30 June		17	18

39. All figures show employment levels at the last full pay period in June 2022 and the corresponding period in 2020–21.

40. Data correction.

Appendix C

Prosecution and practitioner discipline outcomes

Prosecution hearings are usually open to members of the public. As such, the outcomes of these proceedings are a matter of public record in the absence of an order to the contrary. In addition, under section 197(f) of the *Building Act 1993*, one of the functions of the VBA is to provide information to consumers on building practitioners and plumbers. To enable consumers to make informed choices when engaging building and plumbing practitioners, the VBA publishes the outcomes of prosecutions and disciplinary proceedings on its website, including a summary of its prosecution and disciplinary outcomes for financial year 2021–22.

The information contained in this Appendix C is current as at 30 June 2022. A sanction imposed following prosecution or disciplinary proceedings may be subject to review and conditions.

For full details and the current status of sanctions, please refer to the VBA website.

Table 25: Prosecution outcomes 2021–22: building — individuals⁴¹

Accused name	Description of matter	Result	Fine ⁴²	Date of outcome
MAALIKI, Allan	Carried out domestic building work under a major domestic building contract when he was not registered to do so. Works included bathroom renovation and several other rooms.	Proven, without conviction, adjourned for a period of 12 months on Mr Maaliki entering an undertaking to be of good behaviour for 12 months. \$150 costs payable to the VBA.	-	09/12/2021
REES, Paul	Carried out domestic building work when he was not registered in the appropriate class of domestic builder to do so.	One charge proven with conviction. Fine of \$1,000.	\$1,000	03/02/22
KOVACEVIC, James	Was fined \$9,500 with conviction on 18/11/2021 by the Magistrate's Court, for knowingly providing false or misleading information to a person or body carrying out the function of relevant building surveyor under the Act, by providing the details of a registered building practitioner when he knew that the practitioner would not be undertaking the building works. The matter was appealed, and the County Court decision confirmed the fine but without conviction.	Confirmed \$9,500 fine.	\$9,500	08/04/2022
NGUYEN, Ha Thi	The defendant pled guilty to five of the six charges put by the VBA and Victoria Police. For the VBA matters, she was found to be unregistered and holding herself out as qualified as a building practitioner. Convicted on all charges.	Proven, with conviction. Fine of \$8,000.	\$8,000	12/04/2022
EKERS, Tim	Failure to have building insurance as required and carried out building works under a major domestic building contract when not licensed/registered to do so.	Proven, no conviction. Fine of \$5,000.	\$5,000	05/05/2022
MOUSSA, Ali	Carried out re-blocking and under-pinning work without a building permit; represented himself as a person who was able to carry out domestic building work under a major domestic building contract and carrying out that work when not registered as a building practitioner.	Three charges proven, no conviction. Fine of \$7,500.	\$7,500	30/05/2022
GOLDSWORTHY, Andrew	Carried out domestic building work under a major domestic building contract when not registered in any class or category of building practitioner.	Proven, with conviction. Fine of \$1,500.	\$1,500	21/06/2022
IBRAHIM, Mahmoud	Carrying out domestic building work under a major domestic building contract when not registered in any class or category of building practitioner.	One charge proven without conviction. Fine of \$500 and costs of \$300.	\$500	30/06/2022

41. These prosecutions relate to breaches of the 'Building Act 1993' and 'Domestic Building Contracts Act 1995'. Further information about prosecution outcomes can be found on the VBA website. Prosecutions which were commenced by the VBA and subsequently withdrawn, have not been included in this list.

42. Does not include costs.

Table 26: Prosecution outcomes 2021–22: plumbing — individuals⁴³

Accused name	Description of matter	Result	Fine ⁴⁴	Date of outcome
RONALDS, Anthony	Mr Ronalds renovated a bathroom and carried out water supply and sanitary plumbing work, and provided compliance certificates for that work, however he was not licensed or registered as a plumbing practitioner.	Guilty plea entered on 7 charges. Conviction recorded: \$1,000 fine plus \$350 costs.	\$1,000	04/11/2021
NIKIOU, Vlasios	Mr Nikiou renovated a bathroom and ensuite and carried out building work and water supply and sanitary plumbing work, when he was not registered as a plumbing or building practitioner in Victoria.	Proven, no conviction. Fine of \$4,000 and costs of \$350.	\$4,000	19/05/2022
QUACH, Michael	Carried out plumbing work in prescribed class of 'mechanical services' without being licensed or registered to do so.	\$1,000 fine without conviction.	\$1,000	26/05/2022

^{43.} Further information about prosecution outcomes can be found on the VBA website

^{44.} Does not include costs

Table 27: Plumbing inquiries outcomes 2021–22⁴⁵

Accused name	Accreditation no.	Description of matter	Result	Penalty ⁴⁶	Date of outcome
BOWYER, Brent	104443	Carried out plumbing work that did not comply with Part 12A of the Act or the regulations. Lodged a compliance certificate which contained a misstatement of fact.	Two grounds proven. Penalty of \$2,726 (15 PU) plus costs \$468.	\$2,726	30/09/2021
OTTAVIANI-GIAMMARCO, Anthony	116168	Carried out plumbing work where a compliance certificate was required, when he was not licensed in the relevant classes. Fraudulent conduct in regard to the carrying out of any plumbing work.	Two grounds proven. Penalty of \$18,174 (100 PU) plus costs \$468. Disqualification from being licensed or registered for 3 years.	\$18,174	13/10/2021
DA FONTE, Timothy	52674	Carried out work that was defective in workmanship and did not comply with the Act or regulations. Failed to comply with the requirements of a rectification notice in the specified time.	Two grounds proven. Penalty of \$4,544 (25 PU) plus costs \$468. Suspension of licence in the class of 'Class R - roofing (stormwater)' for a period of 12 months. The next 5 compliance certificates lodged in respect of roofing will be audited by the Authority.	\$4,544	28/10/2021
BELL, Zachary	100167	Failed to lodge a compliance certificate within 5 days for the plumbing work being carried out. Lodged a compliance certificate containing misstatement of fact.	Two grounds proven. Penalty of \$7,260 (40 PU) plus costs \$234.	\$7,260	10/11/2021
SPIERINGS, Luke	46639	Carried out non-compliant plumbing work or permitted others to carry out plumbing work that was defective in workmanship; lodged a compliance certificate containing a misstatement of fact; failed to provide the water authority with an accurate plan of the sanitary drain as it appeared after the work was completed, before lodging the compliance certificates.	Three grounds proven. Penalty of \$5,452 (30 PU) plus costs \$234. The next 5 compliance certificates lodged will be audited by the Authority.	\$5,452	10/11/2021
BULOS, Zuhir	44371	Carried out, or permitted others to carry out on his behalf, plumbing work that did not comply with the plumbing laws; had lodged a compliance certificate containing a misstatement of fact and had failed to provide to the water authority with an accurate plan of sanitary drain after plumbing work was completed.	Three grounds proven. Penalty of \$3,090 (17 PU) plus costs \$468.	\$3,090	16/02/2022

Accused name	Accreditation no.	Description of matter	Result	Penalty ⁴⁶	Date of outcome
JUCHNO, Ben	48991	Lodged a compliance certificate which contained a misstatement of fact; pipework for the below ground sanitary work was covered prior to being made available for inspection by the Authority; carried out plumbing work which did not comply with plumbing laws.	Three grounds proven. Penalty of \$9,087 (50 PU) plus costs of \$477. Suspension of the practitioner's licence for 12 months effective 29 April 2022, with the suspension suspended on the condition that the practitioner does not breach any provision of the Act within the next 12 months.	\$9,087	29/04/2022
HARTZ, Matthew	116836	Permitted and/or directed a person to carry out plumbing work of a class or type for which the person was not licensed or registered and lodged compliance certificates for that work. Pipework for below ground sanitary work was covered prior to being made available for inspection by the Authority; submitted compliance certificates that contained a misstatement of fact; failed to provide compliance certificates in the required timeframe and failed to notify the Authority of that certificate. Permitted or directed another person to carry out plumbing work that was defective in workmanship or involved the use of materials that the practitioner ought to have known was defective and did not comply with plumbing law.	Nineteen grounds proven. Penalty of \$9,087 (50 PU) plus costs of \$468. Suspension of the practitioner's licence for 12 months effective 10 May 2022, with the suspension suspended on the condition that the practitioner does not breach any provision of the Act within the next 12 months.	\$9,087	10/05/2022
THOMAS, Owen	28807	Carried out plumbing work in the classes of drainage, gas fitting and water supply which did not comply; failed to provide to the water authority a plan of the sanitary drain; failed to book an inspection for sanitary drainage and lodged a compliance certificate containing a misstatement of facts.	Six grounds proven. Penalty of \$9,087 (50 PU) plus costs of \$468. Suspension of the practitioner's licence for 12 months, with the suspension suspended on the condition that the Practitioner does not, on or after 11 May 2022 and for a period of 12 months, engage in any conduct that results in disciplinary action being imposed by the VBA at any disciplinary hearing.	\$9,087	11/05/2022

Accused name	Accreditation no.	Description of matter	Result	Penalty ⁴⁶	Date of outcome
MESITI, Matthew	102347	Carried out regulated plumbing work in the class of mechanical services, gas fitting and water supply work when he was not licensed or registered by the Authority to carry out work in those classes.	One ground proven. Penalty of \$2,363 (13 PU) plus costs of \$1,648.	\$2,363	02/06/2022
VAN HOOFT, Karel	10324	Directed another person to carry out prescribed plumbing work (roofing (stormwater) work) when the other person was not licensed or registered to carry out that work.	One ground proven. Reprimand plus costs of \$1,670.	N/A	03/06/2022
ZAHRA, Andrew	52841	Carried out plumbing work in a prescribed class of work for which he was neither licensed nor registered to perform. Carried out a gas installation that did not comply with the prescribed standards and requirements.	Two grounds proven. Penalty of \$2,726 (15 PU) plus costs of \$1,688.	\$2,726	14/06/2022
VALLESE, Mario	30027	Not lodging compliance certificates within the required period, making two misstatements of facts on a certificate, permitting another person to carry out defective work on his behalf; failing to produce a certificate when he was required to do so and undertaking drainage work without advising the Authority that the work was ready for inspection.	Five grounds proven. One reprimand. Penalty of \$3,721 plus costs of \$1,725.	\$3,721	17/06/2022
EMINI, Bajram	49375	Carried out plumbing works in a class which he was not licensed in and carrying out work that did not comply with plumbing legislation.	Two grounds proven. Penalty of \$3,887 plus costs of \$1,674. To undertake gas registration course CPCPGS3049A Install Type A appliance flues, within 12 months or his registration will be cancelled.	\$3,887	21/06/2022
JAGER, Daniel	42675	Permitted defective plumbing work to be carried out by another person; lodged a compliance certificate which contained a misstatement of fact and failed to comply with a rectification notice.	Three grounds proven. Penalty of \$1,356 plus costs of \$1,694.	\$1,356	22/06/2022

Accused name	Accreditation no.	Description of matter	Result	Penalty ⁴⁶	Date of outcome
HOSKING, John	50239	Provided various false information on compliance certificates; allowed another person to perform and supervise work on his behalf, who was not licensed or registered to carry out the work; and signed a compliance certificate which contained a misstatement of fact.	Eight grounds proven. Penalty of \$2,313 plus costs of \$1,747.	\$2,313	23/06/2022
HOSKING, John	50239	Allowed another person to perform work on his behalf, who was not licensed or registered to carry out that work and signed a certificate which contained a misstatement of fact.	Two grounds proven. Penalty of \$2,313 plus costs of \$1,343.	\$2,313	23/06/2022
DEMIRI, Abedin	37501	Signed a compliance certificate with a misstatement of fact and altered/installed a sanitary drain but failed to provide City West Water with a plan of the drain.	Two grounds proven. Penalty of \$967 plus costs of \$1,757.	\$967	28/06/2022

45. The VBA can only publish Plumbing Inquiry outcomes where a publication order is in place. PU = Penalty Unit.

46. Does not include costs.

Table 28: Building practitioner discipline outcomes 2021–22 -individuals

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
TSANTIS, Anastasios	BS-U 18514	Failing to comply with a notice to produce documents and related unprofessional conduct.	Reprimands, penalties of \$8,261 and partial suspension for 2 months.	\$8,261	01/07/2021
RAMADAN, Adnan	BS-U 39024; BS-L 38913	Issuing building permits without justification in relation to the use of combustible cladding for external walls at four multi-unit sites between 2015 and 2018. Subject to VCAT review.	Reprimands, penalties of \$22,500 and suspension for 1 month.	\$22,500	07/07/2021
ZARIC, Dragan	DB-M 27320	Failing to call for two mandatory inspections (pre-footing and framework stages) in respect of the construction of a second dwelling, carport and alteration to existing dwelling.	Reprimand and penalties of \$7,000.	\$7,000	15/07/2021
PIROVICH, Peter	DB-U 3639; CB-U 2836	Holding office in a company under external administration.	Registration condition for no new permits without the consent of the Authority.	-	27/07/2021
LEMAN, Benn	DB-L 41760	Failing to call for a mandatory inspection (frame stage) in respect of alterations to a dwelling.	Reprimand and a penalty of \$3,000.	\$3,000	27/07/2021
JONES, Phillip	DB-U 23135	Carrying out, under a major domestic building contract, building work not covered by the required insurance, carrying out building work without a building permit, carrying out building work not in compliance with the building permit and the Building Code of Australia, failing to call for a mandatory inspection, having plumbing work done by unlicensed and unregistered persons, having plumbing work carried out by person not appropriately licensed, issuing false invoices (unprofessional conduct), not a fit and proper person to be a building practitioner.	Reprimands, capped aggregate penalties of \$40,000, multiple suspensions concurrent to 18 months, cancellation of registration and disqualification from being registered in any class for 18 months.	\$40,000	06/08/2021
WATKINS, Simon	BD-L 33898	Failing to call for a mandatory inspection (precautions prior to building work) in respect of demolition of a dwelling.	Reprimand and a penalty of \$3,000.	\$3,000	20/08/2021

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
EYERS, Peter	BS-U 14435	Issuing building permits and occupancy permits without justification, failing to perform building work in a competent manner and to a professional standard, in relation to the use of non-compliant combustible cladding at five sites between 2009 and 2015. Subject to VCAT review.	Reprimands, penalties of \$27,261, requirement for training (Performance Based Building and Fire Codes) and suspension for 14 weeks.	\$27,261	20/08/2021
MUIR, Daniel	CB-L 45757	Carrying out building work other than in compliance with a building permit in respect of construction of a facade parapet a commercial site in Geelong, failing to ensure that approved materials were at site as required and that approvals for related occupation of footpaths and roads had been obtained.	Reprimands, penalties of \$6,000, requirement for training and suspension for 3 months.	\$6,000	27/08/2021
LEHMANN, Andrew	BS-U 15013	Issuing a building permit without justification, failing to perform building work in a competent manner and to a professional standard, in relation to the use of combustible cladding for external walls at one site in Canterbury in 2014.	Reprimands and penalties of \$7,270.	\$7,270	31/08/2021
WONG, Sampson	BS-U 28992	Issuing an occupancy permit without having sighted a compliance certificate for roofing (stormwater) plumbing works and failing to perform building work in a competent manner and to a professional standard in approving the final inspection for a group of units in Richmond in 2011 (gutters and downpipes non-compliant and insufficient).	Reprimands and penalties of \$4,500.	\$4,500	31/08/2021
SILVER, David	CB-U 5329; DB-U 4814	Failing to call for a mandatory inspection (foundations) in respect of construction of a control room building and an amenities building.	Reprimand and a penalty of \$2,000.	\$2,000	09/09/2021
MANFRE, Andreano	BD-L 29175	Failing to call for mandatory inspections (as director of company undertaking building work) in respect of demolition of 3 side-by-side commercial units.	Reprimand and a penalty of \$4,000.	\$4,000	13/09/2021

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
TORCASIO, Andrio	DB-U 21038	Obtaining registration by means of false or misleading documentation, knowing provision of false or misleading information.	Reprimand, aggregate penalties of \$15,000, cancellation of registration and disqualification for 2 years.	\$15,000	16/09/2021
PETRYSHYN, Adam ⁴⁹	BS-U 41429	Failing to perform building work in a competent manner and to a professional standard regarding a frame inspection, and the particulars of building permits and protection works at neighbouring sites in Footscray in 2016.	Reprimands and penalty of \$11,500.	\$11,500	23/09/2021
RAY, Simon	DB-L 1378	Carrying out, under a major domestic building contract, building work not covered by the required insurance, carrying out building work without a building permit, failing to perform building work in a competent manner and to a professional standard by demanding and receiving moneys before required insurance was in place, in respect of the construction of a swimming pool.	Reprimands, penalties of \$15,000, requirement to undertake training (legal obligations) and suspension for 3 months.	\$15,000	29/09/2021
FINDLAY, Malcolm	BS-L 33560	Issuing a building permit inconsistent with planning permit in respect of bushfire protection measures.	Reprimand, penalties of \$4,000, direction to take remedial steps concerning bushfire management at site and registration condition setting out documentary requirements for building permits involving a bushfire management plan.	\$4,000	06/10/2021
COFFIELD, Shayne	BD-M 17947	Failing to call for a mandatory inspection (precautions before building work) in respect of demolition of a garage.	Reprimand and penalty of \$2,000.	\$2,000	06/10/2021
CALLANT, Phillip	DB-U 8846	Holding office in a company under external administration.	Registration condition for no new permits without the consent of the Authority.	-	08/10/2021
WOOD, Jayden	BS-U 42518	Issuing building and occupancy permits without justification; failing to perform building work in a competent manner and to a professional standard in relation to the use of combustible cladding for external walls of an apartment building in Glen Iris.	Reprimands and aggregate penalties of \$7,270.	\$7,270	21/10/2021

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
RATCLIFFE, David ⁴⁹	DB-U 18867	Engaging in unprofessional conduct (assault at building site).	Reprimand, training, and penalty of \$10,000.	\$10,000	25/10/2021
SHAW, Michael ⁴⁹	BS-U 1165	Issuing building and occupancy permits without justification, engaging in negligent conduct and engaging in unprofessional conduct in relation to the use of non-compliant combustible cladding at 5 sites between 2011 and 2017.	Reprimands, aggregate penalties of \$6,000, training, and partial suspension of registration (no new appointments) for 20 months.	\$6,000	26/10/2021
GOODMAN, Dean	BS-U 29165	Issuing building permits and occupancy permits without justification and failing to perform building work in a competent manner and to a professional standard in relation to the use of non-compliant combustible cladding in the external walls of buildings at four sites between 2014 and 2017.	Reprimands and penalties of \$36,348.	\$36,348	10/11/2021
SUN, Tao	DB-M 46152; DB-U 704040	Failing to ensure his registered company did not build without a building permit and did not undertake dangerous excavations at one site in Bulleen.	Reprimands, penalties of \$6,000 and requirement for training (legal requirements, arrange applications and approvals).	\$6,000	12/11/2021
BEATON, David	BS-U 1254	Issuing building and occupancy permits without justification, failing to perform building work in a competent manner and to a professional standard in relation to the use of non-compliant combustible cladding at one site at Warrnambool between 2011 and 2012.	The practitioner received reprimands, a monetary penalty of \$9,087 and directed to undertake and successfully complete training within 12 months.	\$9,087	15/11/2021
THEODOROU, Theo ⁴⁹	BS-U 1100; IN-U 1086	Issuing building and occupancy permits without justification, engaging in negligent conduct and engaging in unprofessional conduct in relation to the use of non-compliant combustible cladding at 5 sites between 2011 and 2016.	Reprimands, aggregate penalties of \$18,000 and partial suspension of registration (no new appointments) for 360 days.	\$18,000	16/11/2021
CHAI, Christina ⁴⁹	BS-U 14426	Issuing building and occupancy permits without justification, engaging in negligent conduct and engaging in unprofessional conduct in relation to the use of non-compliant combustible cladding at a single site at Brunswick in or about 2010.	Reprimands, aggregate penalties of \$20,000 and partial suspension of registration (no new appointments) for 3 months.	\$20,000	18/11/2021

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
RONTOGIANNIS, Peter ⁴⁸	BS-U 20459	Issuing building permits without justification, failing to determine maintenance requirements for essential safety measures, failing to lodge documents with relevant council, failing to take timely enforcement action for non-compliant works, issuing building permit with incorrect cost of works, failing to perform work in a competent manner and to a professional standard in respect of 5 sites between 2010 and 2017.	Reprimands, aggregate penalties of \$6,500, 60 hours of professional development training, direction to provide specified documents to relevant council, direction to take steps concerning essential safety measures and partial suspension of registration (no new appointments) for 180 days.	\$6,500	22/11/2021
BARBA, Rocco	CB-L 41528	Engaging in unprofessional conduct on multiple bases (carrying out domestic building work not permitted by his registration under the guise of a contract with a domestic builder, false or misleading certifications); carrying out building work other than in accordance with the building permit, in respect of a 15 unit residential development for which the practitioner was effectively the developer, not a fit and proper person to practise as a building practitioner. Subject to VCAT review.	Reprimands, penalties of \$38,000, multiple suspensions of registration capped at 36 months, cancellation of registration and disqualification from being registered as a building practitioner in any class for 3 years.	\$38,000	26/11/2021
SUN, Tao	DB-M 46152; DB-U 704040	Failing to ensure that his registered company did not fail to call for a mandatory inspection in respect of the construction of a dwelling.	Reprimand and penalty of \$2,000.	\$2,000	30/11/2021
YAMAN, Joshua	DB-U 24171	Carrying out building work other than in compliance with the building permit and the Building Code of Australia; failing to perform building work in a competent manner and to a professional standard in respect of the use of combustible cladding in the external walls of an apartment building in Coburg.	Reprimands and penalties of \$5,452.	\$5,452	02/12/2021

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
DUNCANSON, Neville	DB-U 43680; CB-L 43674	Carrying out, personally and through his registered company, building work without a building permit; failing to perform building work in a competent manner and to a professional standard, in relation to deep unsupported excavations posing a risk of undermining adjoining property and posing risks to life and safety; failing to address urgent safety measures directed by the relevant building surveyor; failing to carry out building work in accordance with the building permits; failing to comply with builders' obligations under the Domestic Building Contracts Act; failing to comply with compulsory document disclosures; failing to call for mandatory inspections in respect of new home builds at two sites in Sunshine; not a fit and proper person to practise as a building practitioner.	Reprimands, penalties of \$57,500, multiple suspensions cumulating to 3 years, cancellation of registration and disqualification for 3 years. (Practitioner had been immediately suspended pending show cause process).	\$57,500	06/12/2021
SMITH, Benjamin	BD-U 43919	Failing to perform building work in a competent manner and to a professional standard in relation to issuing a building permit other than in the required form; failing to notify a change of builder; failing to consider precautions for public protection and issuing a building permit before a planning permit had issued.	Reprimand, penalty of \$6,000 and direction to undertake training.	\$6,000	07/12/2021
LYNCH, Paul	DB-U 18316; CB-L 33881	Knowingly providing false or misleading information in application for renewal of registration by failing to disclose unpaid adjudicated amount or judgment debt.	Reprimand and penalty of \$12,000.	\$12,000	15/12/2021
COCO, Frank (Sam)	BS-U 1082	Issuing building permits and occupancy permits without justification and failing to perform building work in a competent manner and to a professional standard in relation to the use of non-compliant combustible cladding in the external walls of buildings at four sites between 2015 and 2017.	Reprimands and penalties of \$5,000. Practitioner formally undertook to refrain from issuing new building permits, to finalise existing building permits prior to 15 June 2022 (extended to 15 September 2022) and to retire on that date, transferring any continuing matters to another building surveyor.	\$5,000	17/12/2021

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
GHENT, Ioan	DB-U 12067	Carrying out building work other than in compliance with the building permit and the Building Code of Australia, failing to perform building work in a competent manner and to a professional standard in respect of the use of combustible cladding in the external walls of 2 apartment buildings between 2011 and 2014.	Reprimands and penalties of \$4,544.	\$4,544	20/12/2021
BARAKA, Sam	BD-L 41193	Failing to carry out building work in accordance with the Building Act and regulations and the building permit in respect of the demolition of a house at Footscray; allowing an unregistered body corporate of which he was not a director to enter into major domestic building contract naming him as the registered practitioner, failing to comply with protection work requirements, refusing or neglecting to make good the damage/cost of rectification to the adjoining property (unprofessional conduct).	Reprimand, requirement for training (supervise demolition), direction to reimburse adjoining owner for rectification of consequential damage and suspension of registration for 2 months.	-	21/12/2021
GOLD, Henry	DB-U 16980	Failing to comply with a direction to fix building work within the specified period.	Reprimand and penalty of \$4,000.	\$4,000	24/12/2021
LASTRINA, Domenic	DB-U 3752	Failing to comply with a direction to fix building work within the specified period.	Reprimand and penalty of \$4,000.	\$4,000	18/01/2022
TABACCO, Ryan	DB-U 44314	Failing to comply with a direction to fix building work within the specified time.	Reprimand and a penalty of \$5,000.	\$5,000	18/01/2022
ALLPORT, Bradley	DB-U 38656	Failing to comply with a direction to fix building work within the specified period.	Reprimand and a penalty of \$4,000.	\$4,000	24/01/2022
REARDON, James	BS-U 17998	Issuing building and occupancy permits without justification, performing work other than in a competent manner and to a professional standard, and unprofessional conduct in connection with the use of combustible cladding for external walls at one site between 2011 and 2012.	Reprimands, aggregate penalties of a \$18,174 and a direction to undertake and successfully complete training.	\$18,174	27/01/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
MAZZA, Mario	DB-U 6973	Procuring a building permit to allow another person to carry out domestic building work (unprofessional conduct—licence lending), failing to perform building work in a competent manner and to a professional standard by failed to adequately control the works, allowing building work to be carried out other than in accordance with the Building Act and regulations, and building permit, arranging under a major domestic building contract the carrying out of work not covered by the required domestic building insurance in respect of a 15 unit residential development of which the other person was effectively the developer. Subject to VCAT review.	Reprimands, penalties of \$36,500 and partial suspension of registration (no new projects) for 24 months.	\$36,500	01/02/2022
COCO, Frank	BS-U 1082	Issuing building permit without justification, failing to file required documents with the local council, etc, at one site.	Reprimands and aggregate penalties of \$7,750.	\$7,750	11/02/2022
IACOVELLA, Carmine	DB-U 24494	Holding office in a company under external administration.	Cancellation of registration.	-	11/02/2022
WHITBY, Anthony	DB-U 40299	Holding office in a company under external administration.	Cancellation of registration.	-	11/02/2022
BOUMA, Paul	DB-U 41026	Holding office in a company under external administration.	Cancellation of registration.	-	11/02/2022
HEWSON, Darryl	DB-U 3883; CB-U 1309	Holding office in a company under external administration.	Cancellation of registration.	-	11/02/2022
SOJIC, Miroslav	DB-U 37236	Failing to comply with a dispute resolution order from Domestic Building Dispute Resolution Victoria.	Reprimand.	-	11/02/2022
WATSON, Philip	DB-L 38939	Failing to ensure that his company (Select Kitchens Pty Ltd) did not undertake structural building work without a building permit.	Reprimand, a penalty of \$10,000 and a requirement for training.	\$10,000	14/02/2022
MITCHELL, Paul	DB-L 26939; DB-M 26940	Holding office in a company under external administration.	Suspension of registration for 3 years.	-	17/02/2022
BOSCOLO, Rudolf	DB-U 27538	Holding office in a company under external administration.	Cancellation of registration.	-	17/02/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
GIBCUS, Paul	BS-U 1470; IN-U 1488	Issuing building and occupancy permits without justification and otherwise failing to perform building work in a competent manner and to a professional standard in relation to the use of non-compliant combustible cladding for external walls at four sites between 2015 and 2017.	Reprimands, aggregate penalties of \$19,991, direction to rely solely on compliance certificates from fire safety engineers certifying building permit drawings until completion of Graduate Certificate in Performance-Based Building & Fire Codes.	\$19,991	21/02/2022
BARAKAT, Ayman	DB-L 39325	Failing to comply with a direction to fix building work within the specified time. Subject to VCAT review.	Reprimand and a penalty of \$4,000.	\$4,000	21/02/2022
NGUYEN, Hong	DB-U 24454	Failing to comply with a direction to fix building work within the specified period.	Reprimand and a penalty of \$3,000.	\$3,000	22/02/2022
HEAVEN, Aaron	DB-U 47287	Failing to comply with a direction to fix building work and failing to stop building work when directed to do so on completion of a mandatory notification stage of building work.	Reprimands and penalties of \$8,000.	\$8,000	23/02/2022
ELLIOT, Luke	DB-U 9552	Failing to comply with a direction to fix building work within the specified period (2 instances).	Reprimands and penalties of \$14,000.	\$14,000	25/02/2022
ELLIOT, Luke	DB-U 9552	Failing to comply with a direction to fix building work within the specified period.	Reprimand and a penalty of \$10,000.	\$10,000	25/02/2022
ELLIOT, Luke	DB-U 9552	Being in receipt of breach of dispute resolution order notice.	Partial suspension of registration for 3 years (no new jobs, no work other than dispute resolution/building notice work)—subject to breach notice being revoked.	-	03/03/2022
ZHENG, Rong	DB-L 29073; DB-M 29072	Being in receipt of breach of dispute resolution order notice.	Partial suspension of registration for 3 years (no new jobs, no work other than dispute resolution/building notice work) subject to breach notice being revoked.	-	03/03/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
STEFANOVSKI, Aleksander	BS-U 33252; IN-U30618	Issuing building permits and occupancy permits without justification and failing to perform building work in a competent manner and to a professional standard in relation to the use of non-compliant combustible cladding in the external walls of buildings at two sites between 2015 and 2017.	Reprimands, penalties of \$22,717, direction to provide documentary evidence demonstrating implementation of changed practice to ensure evidence of suitability, performance solutions and confirmation of materials used lodged with building permits, direction to undertake continuing professional development training from ABCB (evidence of suitability, fire safety) and VBA Practitioner Education Series specified webinars, including all sessions offered in the Practitioner Education Series in the 2022 calendar year.	\$22,717	03/03/2022
NOAH, Luper	DB-U 38222	Engaging in unprofessional conduct in connection with the use of 2 fraudulent occupancy permits (two sites in Tarneit), false certificates of domestic building warranty insurance (2 sites) making false and misleading statements to VMIA (statutory declaration) and to the VBA; not a fit and proper person to be a building practitioner.	Following immediate suspension—reprimands, penalties of \$20,000, cancellation of registration and disqualification for 3 years (statutory maximum).	\$20,000	10/03/2022
WELLINGTON, Craig	DB-U 4844; CB-U 4565	Holding office in a company under external administration.	Registration conditions (practice only with son (Leigh Wellington)).	-	11/03/2022
SANDNER, Orlando	DB-U 8148	Failing to comply with a direction to fix building work within the specified period.	Reprimand and a penalty of \$3,000.	\$3,000	17/03/2022
SANDNER, Orlando	DB-U 8148	Failing to comply with a direction to fix building work within the specified period.	Reprimand and a penalty of \$2,000.	\$2,000	17/03/2022
HAYDON, Neil	BS-U 1319	Failing to lodge a copy of a building permit and related documents with the local council within 7 days.	Reprimand and a penalty of \$1,000.	\$1,000	25/03/2022
SINGH, Narinder	BS-U 25542	Issuing a building permit without justification and failing to perform building work in a competent manner and to a professional standard in connection with the use of combustible cladding for external walls for the building.	Reprimands and a penalty of \$3,635.	\$3,635	30/03/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
BUTLER, Geoffrey	BS-U 1107; IN-U 1090	Issuing an occupancy permit without justification (doors and windows missing, no downpipes, compliance certificates not sighted), failing to perform building work in a competent manner and to a professional standard in passing final inspection, failure to submit documents to the local council within 7 days.	Reprimands, aggregate penalties of \$15,000 and a direction to undertake training.	\$15,000	31/03/2022
HARDER, Robert	DB-U 47338; DB-L 41452	Holding office in a company under external administration.	Cancellation of registration.	-	01/04/2022
SKREPETIS, Jamie	BS-U 18120	Issuing building permits and occupancy permits without justification, engaging in unprofessional conduct and failing to perform building work in a competent manner and to a professional standard, in relation to the use of non-compliant combustible cladding on 3 projects at two sites in 2012 and 2015.	Reprimands, aggregate penalties of \$27,261, registration condition limiting practice as a building surveyor to the issue of compliance certificates for performance solutions other than fire services, and a requirement for training in assessing and advising on performance solutions.	\$27,261	14/04/2022
CAPOULEAS, Socrates	BS-U 1557	Failing to provide documents as required by a statutory notice to produce, related unprofessional conduct.	Reprimand and a penalty of \$1,817.	\$1,817	19/04/2022
RAPTOPOULOS, Paul ⁴⁹	BS-U 1101	Issuing building and occupancy permits without justification, engaging in negligent conduct and engaging in unprofessional conduct in relation to the use of non-compliant combustible cladding at 6 sites between 2007 and 2017.	Reprimands, aggregate penalties of \$20,000 and partial suspension of registration (no new appointments, except for buildings in Class 1 or Class 10 buildings or of Type C construction) for 12 months commencing 1 February 2022.	\$20,000	27/04/2022
ONG, Jonathan	DB-U 33597; CB-U 33596	Failing to ensure that his company did not build without a building permit and did not fail to perform work as a building practitioner in a competent manner and to a professional standard when it engaged a structural engineer to undertake inspections instead of notifying the relevant building surveyor.	Reprimand, aggregate penalties of \$20,000, requirement to undertake training and partial suspension of registrations for 3 months.	\$20,000	25/05/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
SANDNER, Orlando	DB-U 8148	Failing to comply with a direction to fix building work within the specified period (2 instances for the same site).	Reprimands, aggregate penalties of \$8,000 and direction to notify the VBA of the outcome of a VCAT proceeding about the relevant planning permit.	\$8,000	26/05/2022
ZIELAK, Taisa	DB-U 47311	Failing to comply with a direction to fix building work within the specified period and building past a mandatory notification stage for inspection of building work without the approval of the relevant building surveyor. Subject to VCAT review.	Reprimands, penalty of \$4,000 and direction to undertake training.	\$4,000	26/05/2022
KATSIKIS, Nicholas	DB-U 32469; CB-L 70323	Failing to carry out building work in accordance with the building permit, and failing to perform building work in a competent manner and to a professional standard in relation to the use of non-compliant combustible cladding not authorised.	Aggregate penalties of \$6,360.	\$6,360	27/05/2022
HAMS, Justin	CB-L 62285; DB-U 31031	Failing to call for mandatory inspections in respect of alterations to a house, retaining walls and fences.	Reprimand and penalty of \$2,000.	\$2,000	02/06/2022
RAMADAN, Adnan	BS-U 39024; BS-L 38913	Issuing building and occupancy permits without justification, failing to perform building work in a competent manner and to a professional standard, and demonstrating a pattern of incompetence in respect of five sites. Subject to VCAT Review.	Reprimands, aggregate penalties of \$30,000, requirement to successfully complete four courses of training and registration conditions (new appointments as relevant building surveyor limited to 50 per month).	\$30,000	07/06/2022
MARSHALL, Marcus	BS-U 1055	Issuing building permits and occupancy permits without justification, and engaging in unprofessional conduct, in relation to the use of non-compliant combustible cladding on 3 jobs at two sites in 2012 and 2015.	Reprimands, aggregate penalties of \$25,444 and registration condition prohibiting the issuing of building permits for buildings with a rise in storeys of 4 or more for 3 months from 31 March 2022.	\$25,444	08/06/2022
DEMIREL, Yavuz	BS-U 38620; IN-U 27460	Failing to perform building work in a competent manner and to a professional standard in respect of non-detection of issues at a mandatory frame inspection.	Reprimand, and a penalty of \$10,000.	\$10,000	15/06/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
DEMIREL, Yavuz	BS-U 38620; IN-U 27460	Issuing a building permit without justification and failing to perform building work in a competent manner and to a professional standard in connection with discrepancies between planning permit and building permit drawings.	Reprimand, and a penalty of \$2,500.	\$2,500	15/06/2022
CASEY, Gavin	BS-U 1501	Issuing building and occupancy permits without justification, failing to perform building work in a competent manner and to a professional standard and engaging in unprofessional conduct in relation to the use of non-compliant combustible cladding at 6 sites between 2008 and 2015.	Reprimands, aggregate penalties of \$48,161, and partial suspension for 34 weeks (no new appointments as relevant building surveyor).	\$48,161	16/06/2022
CAPOULEAS, Socrates	BS-U 1557	The practitioner contravened sections 24 and 44 of the Act and regulation 1502(a) of the Regulations and engaged in unprofessional conduct when he issued building permits and occupancy permits allowing the use of combustible cladding for external walls at three sites between 2013 and 2016.	The practitioner received reprimands and monetary penalties of \$9,996.	\$9,996	16/06/2022
METCALFE, Timothy	CB-U 3568; DB-M 1041, DB-U 71240	Building without a building permit and failing to perform building work in a competent manner and to a professional standard in relation to an excavation undertaken contrary to the proposed (unapproved) design, giving rise to an emergency order by the local municipal building surveyor.	Reprimands, and 4 months of effective partial suspension of registration (no new projects).	-	20/06/2022
BARKER, Craig ⁴⁹	CB-L 407; DB-L 1408	Engaging in unprofessional conduct in the falsification of 25 engineering certificates for sheds, knowingly providing false or misleading information to relevant building surveyors (2 occasions), not a fit and proper person to be a building practitioner.	Reprimands, aggregate penalties of \$25,000, cancellation of registrations and disqualification from any form of registration for 18 months.	\$25,000	22/06/2022

Individual name	Registration no.	Conduct	Result	Penalty ⁴⁷	Date of decision ⁴⁸
MORTON, Robert	DB-U 14304; CB-L 21515	Failing to build in accordance with the building permit and failing to perform building work in a competent manner and to a professional standard in relation to the substitution of non-compliant combustible cladding for the materials specified, at one site in 2015.	Aggregate penalties of \$6,361.	\$6,361	23/06/2022
DANIELS, Jason	BS-U 1441	Issuing building and occupancy permits without justification, failing to perform building work in a competent manner and to a professional standard, engaging in unprofessional conduct and demonstrating a pattern of incompetence in relation to the use of non-compliant combustible cladding at five sites between 2011 and 2017. Subject to VCAT Review.	Reprimands, aggregate penalties of \$14,539, registration condition (no new appointments as relevant building surveyor for buildings in Classes 2, 3 and 9—unless permitted to be of Type C construction—for 3 months).	\$14,539	23/06/2022

47. Penalties based on penalty units have, where necessary, been rounded to the nearest dollar. Penalties in building discipline do not include costs.

48. The date of decision shown is the date the decision was made by the VBA's original decision maker or, where the practitioner sought a review, the date of any subsequent decision by the VBA's internal reviewer or VCAT.

49. This matter may have been listed in a previous VBA annual report as 'Subject to VCAT review', where the practitioner made an appeal to VCAT following the VBA's original or internal review decision. The result shown here may differ to that previously reported.

Table 29: Disciplinary outcomes 2021–22 – companies

Company name	Registration no.	Conduct	Result	Penalty ⁵⁰	Date of decision ⁵¹
Hulusi Homes Pty Ltd	CDB-U 52824	Failing to call for 2 mandatory inspections (pre-footing and framework) in respect of internal alterations and additions to an existing dwelling.	Reprimand and penalty of \$1,500.	\$1,500	13/07/2021
Hulusi Homes Pty Ltd	CDB-U 52824	Failing to call for a mandatory inspection (completion of safety precautions prior to demolition) in respect of the demolition of a front fence.	Reprimand and penalty of \$1,500.	\$1,500	13/07/2021
Watpac Constructions Pty Ltd	CDB-U 56705	Being a body corporate without a nominee director holding corresponding registration.	Cancellation of registration.	-	15/07/2021
Afonso Building Solutions Pty Ltd	CDB-U 48594	Failing to call for a mandatory inspection (framework) in respect of the construction of a dwelling, attached garage and retaining walls.	Reprimand and penalty of \$2,000.	\$2,000	15/07/2021
Wraith Built Pty Ltd	CCB-U 62608; CDB-U 62607	Being a body corporate without a nominee director holding corresponding registration.	Cancellation of registrations.	-	16/07/2021
Bena Constructions Pty Ltd	CDB-U 62345	Failing to give notice that it had ceased to have a nominee director (individual registered in a corresponding class).	Penalty of \$10,000.	\$10,000	26/07/2021
Sierra Properties Pty Ltd	CDB-U 53863	Failing to call for a mandatory inspection in respect of a garage and studio.	Reprimand and penalty of \$3,000.	\$3,000	29/07/2021
Tony Gleeson Motors Pty Ltd	CDB-L 54479	Failing to call for a mandatory inspection (piers & preslab) in respect of construction of a shed.	Reprimand and penalty of \$1,500.	\$1,500	02/08/2021
DST Project Management and Construction Pty Ltd	CDB-M 49762	IR Affirmed Failing to pay an adjudicated amount (\$47,705) under the security of payments scheme.	Reprimand and suspension of 3 months.	-	10/08/2021
Oz Pools Pty Ltd	CDB-L 58334	Failing to call for 2 mandatory inspections (footings and bond beam) in respect of the construction of a swimming pool and safety barrier.	Reprimand and penalty of \$3,000.	\$3,000	13/08/2021
Seido Pty Ltd	CDB-U 50198	IR Affirmed Failing to call for a mandatory inspection.	Reprimand and penalty of \$2,000.	\$2,000	17/08/2021

Company name	Registration no.	Conduct	Result	Penalty ⁵⁰	Date of decision ⁵¹
Detail Group Pty Ltd	CBD-L 56475	Failing to call for a mandatory inspection (completion of safety precautions) in respect of the demolition of an existing dwelling and garage.	Reprimand and penalty of \$1,500.	\$1,500	27/08/2021
Kennedy Builders Pty Ltd	CDB-U 48097; CCB-L 69821	Failing to call for mandatory inspection in respect of a swimming pool and safety barrier.	Reprimand and penalty of \$6,000.	\$6,000	09/09/2021
JAG Building Group Pty Ltd	CDB-U 66034	Obtaining registration on the basis of information and/or a document that was false and/or misleading.	Cancellation of registration and disqualification for 2 years.	\$7,500	21/09/2021
Gallery Homes Pty Ltd	CDB-U 53131	Failing to call for mandatory inspection in respect of a single storey dwelling, associated garage and retaining wall.	Reprimand and penalty of \$2,000.	\$2,000	30/09/2021
Global Reblocking Pty Ltd	CDB-L 49173	Failing to call for a mandatory inspection (footing – stump holes) in respect of the reblocking of an existing dwelling.	Reprimand and penalty of \$3,000	\$3,000	06/10/2021
Horsham Backhoe Hire Pty Ltd	CBD-L 64892	The practitioner was found to have failed to call for a mandatory inspection (protection of the public precautions) required by the building permit in respect of demolition of an assembly building.	Reprimand and penalty of \$1,500.	\$1,500	11/10/2021
Perfect Homes Pty Ltd	CDB-U 49297	Failing to call for a mandatory inspection in respect of alterations to a dwelling.	Reprimand and penalty of \$2,000.	\$2,000	26/10/2021
All Vic Demolition and Excavation Pty Ltd	CBD-L 60008	Being in receipt of breach of dispute resolution order notice	Reprimand and suspension for 3 years or until compliance achieved.	-	10/11/2021
DST Project Management and Construction Pty Ltd	CDB-M 49762	Carrying out building work without a building permit, failing to call for a mandatory inspection (footings) and carrying out building work while not having a nominee director.	Reprimands and penalties of \$15,000.	\$15,000	30/11/2021
Kydan Group Pty Ltd	CDB-U 52644	Being in receipt of breach of dispute resolution order notice	Reprimand and suspension for 3 years or until compliance achieved.	-	02/12/2021
Amville Constructions Pty Ltd	CDB-U 42430	Failing to carry out building work in accordance with the Building Act and regulations and building permit, performing building work other than in a competent manner and to a professional standard, in relation to deep unsupported excavation posing a risk	Reprimands, multiple suspensions cumulating to 3 years, cancellation of registration and disqualification for 3 years.	-	06/12/2021

Company name	Registration no.	Conduct	Result	Penalty ⁵⁰	Date of decision ⁵¹
Ali Enterprise Developments Pty Ltd	CDB-U 62941	Failing to comply with written direction to fix within the specified period.	Reprimand and penalty of \$1,000.	\$1,000	23/12/2021
Gallery Homes Pty Ltd	CDB-U 53131	Failing to call for a mandatory inspection in respect of construction of a detached dwelling and garage.	Reprimand and penalty of \$1,500.	\$1,500	11/01/2022
GBH Group Pty Ltd	CDB-U 52927	Failing to comply with written direction to fix within the specified period.	Reprimand and penalty of \$3,000.	\$3,000	07/02/2022
Prime Living Homes Pty Ltd	CDB-U 49041	Being in receipt of breach of dispute resolution order notice.	Reprimand and partial suspension of registration from 18 March 2022 until cancellation of breach notice on 22 June 2022 (work prohibited other than to address dispute resolution orders, directions to fix and building notices).		11/02/2022
Buildforme Homes Pty Ltd	CDB-U 54084	Failing to comply with a direction to fix building work within the specified period.	Reprimand and penalty of \$2,000.	\$2,000	25/02/2022
Natina Homes & Developments Pty Ltd	CDB-M 50641	Being in receipt of breach of dispute resolution order notice. Subject to VCAT review.	Reprimand and partial suspension of registration for 3 years or until cancellation of breach notice (work prohibited other than to address dispute resolution orders, directions to fix and building notices).	-	03/03/2022
VK Const ructions Australia Pty Ltd	CDB-U 54625; CDB-L 51908	Failing to comply with three directions to fix building work within the specified period.	Reprimands and aggregate penalties of \$5,000.	\$5,000	04/03/2022
Horsham Back-hoe Hire Pty Ltd	CBD-L 64892	Failing to call for a mandatory stage inspection without delay.	Reprimand and a penalty of \$1,500.	\$1,500	15/03/2022

50. Penalties based on penalty units have, where necessary, been rounded to the nearest dollar. Penalties in building discipline do not include costs.

51. The date of decision shown is the date the decision was made by the VBA's original decision maker or, where the practitioner sought a review, the date of any subsequent decision by the VBA's internal reviewer or VCAT.

Appendix D

Glossary

Australian Building Codes Board (ABCB)

The ABCB addresses issues relating to safety, health, amenity and sustainability in the design and performance of buildings through the National Construction Code (NCC) (see below) and the development of effective regulatory systems and appropriate non-regulatory solutions, including product certification systems. The Building Ministers' Forum (see below) appoints the Chair and industry Board members

Authorised Nominating Authorities (ANAs)

ANAs are authorised by the VBA to manage the adjudication process under the SoP Act. The VBA oversees ANA activities and performance. The functions of an ANA include nominating adjudicators for the purposes of the SOP Act, receiving and referring adjudication applications to adjudicators and reporting to and providing information to the VBA

Building Act 1993

Governs building and plumbing activity in Victoria and sets out the legislative framework for the regulation of building construction, building standards and the maintenance of specific building safety features

Building Activity Management System (BAMS)

The VBA's online portal for collecting levy and building permit data

Building and Construction Industry Security of Payment Act 2002 (SoP Act)

The SoP Act provides mechanisms for subcontractors to be paid for work undertaken or for the supply of related goods and services. The VBA is responsible for administering the SoP Act and monitors the operation of the SoP Act

Building Code of Australia (BCA)

The BCA comprises Volumes One and Two of the NCC and prescribes the technical provisions for the design and construction of buildings and other structures

Building Ministers' Forum

Made up of Commonwealth, state and territory government ministers with responsibility for building and construction, oversees policy and regulatory issues affecting Australia's building and construction industries

Building practitioner

They include building surveyors, building inspectors, quantity surveyors, engineers engaged in the building industry, draftspersons (building design — architectural, interior, services), commercial builders, domestic builders, demolishers and erector or supervisor (temporary structures — Class 1 and 2)

Building Regulations 2018

The Building Regulations 2018 (the Regulations) came into effect on 2 June 2018. The Regulations are a subordinate legislation of the Building Act 1993 and contain, among other things, requirements relating to building permits, building inspections, occupancy permits, enforcement, and maintenance of buildings. The Regulations adopt the Building Code of Australia (BCA), which is part of the National Construction Code

Certificate of accreditation

A certificate issued by a state or territory accreditation authority stating that the properties and performance of a building material or method of construction or design fulfil specific requirements of the BCA

Chief Commissioner

The key appointee of the VBA's Board of Commissioners which is responsible for the governance and strategic management of the VBA to ensure its effectiveness as a regulator

Cladding

Non-loadbearing covering to a frame. Also called external cladding or wall cladding

Cladding Safety Victoria (CSV)

A Victorian Government entity set up in 2019–20 as a business unit within the VBA to support and guide owners and occupants of buildings with combustible cladding, particularly where rectification work is required to reduce risks to an acceptable level

Code of Conduct for Building Surveyors

Following extensive public and industry consultation, the VBA developed a Code of Conduct to establish principles and rules for professional conduct of building surveyors across Victoria

Combustible

Combustible as determined by Australian Standard 1530.1 Methods for fire tests on building material, components and structures, Part 1: Combustibility test for materials

Combustible cladding

Building cladding that has been deemed combustible according to the above

Competitive neutrality

Requires government businesses to ensure, where services compete or potentially compete with the private sector, any advantage arising solely from 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 were privately owned

Compliance

Achievement of stated performance or prescriptive criteria in a regulation or other statutory requirement, usually signified by a compliance or approval certificate

Cooperative research centres (CRCs)

Key bodies for Australian scientific research which emphasise collaborative arrangements to maximise the benefits of research through an enhanced process of utilisation, commercialisation and technology transfer

Fire safety systems

Systems designed and installed by fire safety engineers to ensure a building is as fire-safe as possible. Systems can be classified as active (such as smoke alarms and sprinklers) or passive (such as self-closing or smoke-sealed doors)

Freedom of Information (FOI)

Documents held by the VBA, including those provided to us by third parties, may be accessed by the public in certain circumstances. The Freedom of Information Act 1982 sets out the process by which the public can gain access to, and the VBA can disclose, documents

Internal review

The process which gives an 'affected person' the right to seek review of a 'reviewable decision' — such as building registration and disciplinary decisions — made by the VBA under the Building Act 1993. Internal review is only available to a person who is directly affected by the decision

Municipal building surveyor (MBS)

Someone appointed, employed or nominated by a council to issue building permits, carry out inspections of buildings and building work and issue occupancy permits and temporary approvals

National Construction Code (NCC)

Published by the ABCB, the NCC comprises the BCA (Volumes One and Two), the Plumbing Code of Australia (PCA) (Volume Three) and other onsite construction requirements as directed by the Building Ministers' Forum

Natural persons

Human beings, as distinct from artificial persons or corporations recognised by law (such as companies)

Non-compliance

Failure to achieve the performance or prescriptive criteria demanded by a regulation or other statutory requirement which may lead to non-approval of a project or item and, in extreme cases, to demolition

Occupational health and safety (OHS)

OHS is concerned with the safety, health and welfare of people while at work. Also commonly referred to as health and safety, workplace health and safety, occupational health or occupational safety

Owners corporation

An organisation that manages the common property of a residential, commercial, retail, industrial or mixed-use property development. Formerly known as a body corporate

Plumbing inquiries

Disciplinary proceedings into the conduct of plumbing practitioners commenced by the VBA and heard before a panel

Plumbing practitioner

A person registered or licensed to carry out at least one class or type of plumbing work

Plumbing Regulations 2018

The Plumbing Regulations 2018 commenced on 18 November 2018, replacing the Plumbing Regulations 2008. The Regulations cover the following aspects of plumbing work in Victoria: define the scope of work for all classes of plumbing work and specialised plumbing work, set out the qualification and experience eligibility requirements for registration and licensing in each class of plumbing work and specialised plumbing work, set fees payable for registration and licensing applications and the price of a compliance certificate, and set out additional technical requirements with which work performed in specified classes of plumbing must comply, including some variations from the requirements in the PCA

Private building surveyor

Private building surveyor means a building surveyor registered under Part 11 other than a municipal building surveyor, an officer or employee of the Crown or a public authority or a building surveyor authorised under section 191, 192 or 221 — in his or her capacity as such a municipal building surveyor, officer, employee or authorised building surveyor

Proactive Inspections Program (PIP)

An early intervention initiative that identifies and reduces noncompliant building and plumbing work in Victoria

Procurement

The process of finding and agreeing to terms and acquiring goods, services or works from an external source, often via a tendering or competitive bidding process

Ream

500 sheets of A4 paper

Research

With a statutory function to conduct or promote research relevant to the regulation of the building and plumbing industries, the VBA's research program helps us better understand major regulatory issues and consumer needs, and how regulatory interventions can be shaped to improve public safety and amenity in the industry

Relevant building surveyor

In relation to an application to, or permit, approval, inspection, direction, notice or order issued or given by, a municipal building surveyor, means the municipal building surveyor:

- in relation to an application to, or permit, approval, inspection, direction, notice or order issued or given by, a private building surveyor, means the private building surveyor
- in relation to the carrying out by the Authority of the functions of a municipal building surveyor or a function specified in section 205P, means the Authority
- in relation to the carrying out by a building surveyor authorised under section 191, 192 or 221 of the functions of a municipal building surveyor, means the authorised building surveyor.

Show cause

The process through which the VBA holds to account the performance of building practitioners, protects consumers from building malpractice and makes sure building practitioners comply with relevant legislation. The show cause process initiates disciplinary action against registered practitioners. Breaches of legislation by people other than registered practitioners are dealt with by criminal prosecution

State Building Surveyor

An authoritative industry leader for building surveyors and building practitioners across Victoria. The role supports the industry change required to ensure buildings are consistently well-built, safe and fit-for-purpose

Statewide Cladding Audit (SCA)

A thorough Victoria-wide examination — established by the Victorian Government and carried out by the VBA — to identify and audit buildings with combustible cladding. The scale of the task means that this work in total is expected to take at least five years

Temporary structure

A booth, tent, marquee or other temporary enclosure — whether or not a part of the booth, tent, marquee or enclosure is permanent — or a seating structure, whether or not enclosed, including a mobile seating structure

Find out more

More definitions of building and plumbing industry terms are available in the new Construction Dictionary developed by Standards Australia in partnership with the ABCB. The dictionary combines terms and definitions from the NCC, Australian (and joint AS/ NZS) Standards, and Handbook 50:2004 Glossary of Building Terms. It aims to assist industry, government and consumers to understand the range of terminology used to describe the same or similar terms and processes across Australia

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