



# Annual Report 2023/24



# 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 2024. 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 2024.

## VBA's Financial Management Compliance Attestation

I, Anna Cronin, 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.



Anna Cronin  
Commissioner and Chief Executive Officer  
Victorian Building Authority  
17 September 2024

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## Photography

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Available online at [www.vba.vic.gov.au](http://www.vba.vic.gov.au)

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# Year in review



# How we regulate

## We Regulate

**512,800**

Compliance certificates lodged by plumbers

**100,176**

Building permits reported

**66,776**

Registered or licensed building and plumbing practitioners

**8,199**

New building permits inspected

**7,269**

Plumbing audit and drainage inspections

**4,518**

Owner-builder certificates of consent issued

**104**

Building Documentation Audits

## We Educate

**7,941**

Attended a Practitioner Education Series webinar

**49**

Practice Notes published

**10**

Research projects underway or completed

**7**

Technical Bulletins published



## We Engage

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**4.9 million**

Visits to VBA website

---

**1.6 million**

Reach of email communications to keep industry informed

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**16,453**

Building technical queries responded to

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**12,888**

Plumbing technical queries responded to

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**619**

Attendees at Building Surveyors' Conference

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## About the VBA

The Victorian Building Authority (VBA) operates under the *Building Act 1993* (the Act), which empowers it with the authority to regulate the building and plumbing industries in Victoria. As the State's building and plumbing regulator, the VBA is dedicated to protecting and prioritising consumers - the people who live, work, and occupy buildings. By enforcing the Act, the VBA plays a crucial role in promoting safe, effective and compliant building and plumbing practices. Through its various functions, the VBA strives to increase consumer confidence in the building industry.

The VBA is committed to safety, compliance, and buildings that last and aims to foster a more secure built environment for all Victorians.

### What we do:

- Provide oversight of practitioner capability through effective and efficient registration and licensing processes.
- Monitor industry compliance with building and plumbing standards through proactive inspections and audits.
- Use enforcement powers when appropriate to achieve compliance, and act in the public's interest.
- Apply intelligence and data, including research and analytics, to better inform our regulatory strategy and approach.
- Use and share our technical knowledge and expertise to improve the regulatory system, and to support builders, plumbers and other practitioners in the delivery of positive consumer outcomes.



# Strategic Direction

The VBA's Regulatory Policy Statement explains how the VBA delivers on its role within the building and plumbing regulatory system. These reforms are aligned with the Statement of Expectations, issued by the Hon. Sonya Kilkeny MP, Minister for Planning, which sets new directions and priorities for the VBA. This was done to enhance the VBA's role in a sector that is central to the delivery of the Victorian Housing Statement and to address the pressures of population growth. The reforms aim to ensure that the VBA can effectively regulate the industry, safeguard consumer outcomes, and contribute to a built environment that meets the needs of a growing population.

## Being a trusted regulator

The VBA prioritises its resources and regulatory effort on those areas which pose the greatest risk of harm to consumer outcomes.

We commit to:

- Focusing on consumer outcomes through our regulatory activities.
- Communicating clearly how we regulate practitioners and our expectations of all practitioners.
- Using our regulatory tools effectively and in a timely manner.
- Taking corrective action – including removal of practitioners from the industry – to improve the safety and quality of the built environment.

## Prioritising our effort

The VBA directs its regulatory actions to where the potential harm to consumers is greatest, and where our regulatory powers can have the most impact.

Examples include targeting specific practitioners, undertaking directed regulatory interventions on a specific harm, and conducting research or educating industry on current or emerging areas of harm.

## Our compliance approach

Industry and the community expect a fair and proportionate approach to regulation that is tough on those who compromise the health and safety of consumers or building occupants via enforcement action, but reduces the regulatory burden on those doing the right thing.

This is the foundation of our 'harms-based approach' to regulation. The VBA is actively using its enforcement powers fully to improve consumer outcomes.

## Data and intelligence-led

The VBA uses intelligence from a range of sources to help focus our regulatory efforts. This includes internal data from audits and inspections, industry tip-offs, and data from other agencies, and consumers.

We also use a practitioner's history to inform our regulatory focus and response to non-compliance.

## Our tools and powers

Our tools range from providing education services to help practitioners maintain competency, as well as sanctioning and disciplinary powers to directly address poor practitioner behaviour.

The VBA is committed to using its full suite of regulatory powers to uphold safety and compliance within the building and plumbing industries. This includes:

- Issuing Directions to Fix and rectification notices to require practitioners to remedy non-compliant work.
- Seeking maximum penalties to reinforce our expectations and change practitioner behaviour.
- Using our registration, licensing, and disciplinary powers to remove those practitioners from the building and plumbing system who put consumers at risk.

By using these powers the VBA aims to address issues promptly so practitioners meet their legal obligations, consumers are better protected, and industry standards are maintained.

The VBA's approach to enforcement is both fair and proportionate. While our powers enable us to take decisive action against those who compromise consumer safety or fail to meet regulatory standards, we also prioritise education and early intervention to support practitioners in achieving compliance. This approach is taken so the majority of practitioners who operate responsibly can continue to do so with minimal disruption, while those who pose a significant risk are appropriately held accountable.

For consumers, this means greater assurance that building and plumbing work will meet the highest standards of safety and compliance. For the industry, it signifies a clear expectation that compliance is non-negotiable, with the VBA ready to act decisively to protect the public interest.

# Our services and regulatory functions

- Registering, licensing and disciplining plumbers.
- Registering and disciplining building practitioners.
- Responding to public enquiries about the building and plumbing industries.
- Overseeing the security of payment processes.
- Issuing owner-builder certificates of consent.
- Providing expert technical advice and informed solutions to industry.
- Keeping Victorians safe by undertaking inspections, investigations, and audits to enforce compliance with relevant legislation.
- Performing functions of a Municipal Building Surveyor (MBS) when declared by the Minister, under the Act and under other legislation.
- Working with other agencies and regulators to ensure practitioner compliance and to protect consumers.
- Publishing data for building and plumbing practitioners to boost transparency and inform government and industry decision-making.
- Undertaking and promoting research relevant to the regulation of the building and plumbing industries.
- Developing and delivering education material for industry and consumers to promote compliance.
- Collecting building permit data and levies and issuing building permit numbers.
- Overseeing the work of building practitioners and plumbers and Victoria's building permit system.
- Promoting the resolution of consumer complaints about work carried out by building practitioners and plumbers.
- Participating in national and state forums on building reforms and the development of national building and plumbing standards.

## Manner of establishment

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

## Responsible Minister

The responsible Minister from 1 July 2023 to 30 June 2024 was the Hon. Sonya Kilkenny MP, Minister for Planning.

# The Commissioner and Chief Executive Officer's Report

**My first year as CEO has been dedicated to focusing the VBA on its fundamental goal of improving consumer outcomes.**

Over the last few years, the performance of the Authority has been under more scrutiny than ever. There's no doubt that there is significant scope to improve our effectiveness, over all areas of our operations. And as CEO, I have been leading frank and honest discussions with consumers, with industry and with our staff. We have faced challenges due to legacy issues, out of date systems, and not using our enforcement powers to their fullest extent.

Boosting consumer confidence in the building system is key to the VBA playing our role in underpinning industry growth.

While there is still an enormous amount of work to be done, big steps have been taken on introducing the path of major reform as we strive to turn the new VBA into a trusted regulator.

That is why one of the first initiatives I led as CEO was the publication of new regulatory policies – with an unambiguous focus on improving consumer outcomes – set out in our Regulatory Policy Statement, published in November 2023.

The accompanying new Compliance and Enforcement Framework clearly sets out the VBA's commitment to prioritise and protect consumers by using a harms-based approach, and fully utilising our powers.

This means we are directing our resources and regulatory actions to where the potential harm to the consumer is greatest, and where our regulatory powers can have the most impact.

Using our data systems, we are able to target poor industry participants by undertaking direct regulatory interventions such as suspensions, cancellations and fines.

At the same time, the VBA is lifting our education and information activities so that we can support industry to comply with the required standards of building and plumbing.

We have also made new materials available to consumers on our website, so that they can better understand their rights, and opportunities for remedies.

Further safeguards are being considered by the Victorian Government through the work of the Building System Review Expert Panel and the review of the *Domestic Building Contracts Act 1995*.

As part of our internal reforms, our structure, workforce capability and internal processes are being overhauled – a key to implementing change and addressing legacy cultural issues.

Effective from 31 March 2024, I was appointed as the new sole Commissioner of the VBA, as well as CEO, reporting directly to the Minister for Planning, the Hon. Sonya Kilkeny MP. The previous VBA Board was dissolved.

These governance changes recognise the need for the VBA to be able to move swiftly and decisively to implement our new policies and approaches.

As part of the new governance arrangements, two new Special Advisory Panels on building and plumbing have been established and these met for the first time in June 2024. They advise on matters including industry practice and performance, how to improve the consumer experience and local, national and international factors that impact industry behaviour.

The financial year 2023-24 has seen the VBA strengthening its activities to be a more effective regulator. We have worked with industry and practitioners to get their advice and input into where our regulatory activity can have most impact. It is vital that we position the Authority to be a “credible threat” to poor performance. We are setting up our new approaches to focus on rogue and unscrupulous practitioners – and to get them out of industry.

The VBA’s reform agenda has been strongly supported by the Victorian Government which provided additional funding in the May budget to improve our systems and increase our regulatory footprint.

I look forward to continuing to update the Victorian community, industry and consumers about our improved activities in coming months.

None of the improvements I have outlined would be possible without the support of the staff at the VBA. I am pleased to say that the VBA workforce recognises that each of us has a role to play in delivering the performance uplift required. And we are doing so.

The VBA will continue to work hard to deliver on our important reforms that prioritise and protect consumers, improve industry performance and result in safe compliant buildings across Victoria.



**Anna Cronin**

VBA Commissioner and Chief Executive Officer

# State Building Surveyor's Report

**Everyone involved in the building industry, whether it is building and plumbing practitioners, consumers, industry stakeholders, manufacturers and policy makers, shares the same goal – to construct safe, sustainable and compliant buildings where people can live, work and play.**

Over the past year, the VBA has made significant strides and showcased its dedication to equipping Victoria's builders and plumbers with the information they need to build to the highest standard.

From launching 49 new or updated Practice Notes, to answering more than 29,000 technical enquiries from practitioners, our experts have worked to deliver more information, more often, all with the intention of upskilling Victoria's building and plumbing industries.

The VBA has also invested significant resources in forging strategic partnerships with key industry stakeholders, such as the Australian Institute of Building Surveyors and the Victorian Municipal Building Surveyors Group, to collaborate and cultivate a supportive environment where we can tackle complex challenges together and leverage each other's strengths.

As the VBA works to become a trusted regulator, it's important that our unique line of sight to industry and practitioners is not only maintained but strengthened. A key part of enabling this were the provisions created under the *Building Legislation Amendment Act 2023*, which came into force in February 2024.

One of those is the establishment of the State Building Surveyor as a statutory appointment, which has additional functions and powers that were not previously available to the role as an executive of the VBA.

The State Building Surveyor as a statutory appointment is the primary source of technical expertise for building and plumbing work in Victoria, improving technical capability across the industry and promoting increased safety, compliance and buildings that last.

The State Building Surveyor has the authority, where appropriate, to consider Binding Determinations on the technical interpretation of building and plumbing regulations, codes and standards. Binding Determinations focus on areas of existing concern to minimise harms, and support existing tools such as Practice Notes, guidelines and education initiatives. Considerable work is underway to operationalise many of these new powers available to the State Building Surveyor, and the VBA is collaborating with industry about how to realise their potential.

In recent years, the VBA has invested in developing a specialist team of experts who offer advice on complex issues, policies and initiatives that have the potential to influence our regulatory efforts and the built environment. The specialist team includes experts in plumbing, fire safety engineering, structural engineering and building surveying. They provide leading technical expertise and represent Victoria and the VBA on a national level, such as in the Building Codes Committee and Plumbing Codes Committee, which gives Victoria a chance to advocate and endorse its regulatory positions.

To better support compliant buildings and in collaboration with industry, the VBA's specialist team and Essential Safety Measures (ESM) Systems Specialist developed a tailored training package to provide VBA auditors with the skills needed to assess potential non-compliances related to fire safety. In addition, the VBA worked with the National Fire Industry Association to develop a customised fire sprinkler training program to address trending defects identified throughout construction in Victoria. This program was implemented across various divisions of the VBA and illustrated our commitment to equipping our people with best practice knowledge to address key harms in the built environment.

A project team established to address the impacts of detached permits on consumers continued its important work and focused on industry-wide, effective and enduring solutions to this legacy issue. The VBA is working to make it easier for owners with detached permits to identify and contact a building surveyor who is willing and has the capacity and capability to assist owners to finalise their permits.

Throughout the year, the VBA has used intelligence to develop greater insight into the volume and age of detached permits, significantly reduced the occurrence of detached permits through improved auditing and disciplinary processes. We completed a pilot program addressing a sample of permits, which uncovered valuable information to inform our approach related to reporting and data gaps. The VBA has also liaised with councils to request information about their open permits.

In June 2024, as part of the next phase of this work, the VBA invited building surveyors to register their interest to have their business information published on a register, which will be accessed by owners, other practitioners and councils, to assist owners to finalise their permits.



**Andrew Cialini**

State Building Surveyor  
Victorian Building Authority

# Financial summary

Table 1: VBA five-year financial summary

	2023-24 \$ million	2022-23 \$ million	2021-22 \$ million	2020-21 <sup>1</sup> \$ million	2019-20 <sup>2</sup> \$ million
Building permit levies	46.2	44.8	42.8	39.8	44.7
Cladding rectification levy <sup>4</sup>	-	-	-	20.4 <sup>3</sup>	19.3
Practitioner registration and licences	29.9	22.4	13.5	12.0	11.7
Plumbing compliance certificates	18.8	19.1	17.8	16.0	15.1
Other income	13.2	27.4	16.7	52.1	56.6
<b>Total income</b>	<b>108.1</b>	<b>113.7</b>	<b>90.8</b>	<b>140.3</b>	<b>147.4</b>
<b>Total expenses</b>	<b>107.2</b>	<b>105.3</b>	<b>98.2</b>	<b>124.5</b>	<b>101.0</b>
Other income flows	0.2	0.5	0.2	-	0.1
<b>Net result from continuing operations</b>	<b>1.1</b>	<b>8.9</b>	<b>(7.2)</b>	<b>15.8</b>	<b>46.5<sup>4</sup></b>
Current assets	62.0	62.5	43.0	55.5	110.5
Non-current assets	20.5	16.7	17.9	17.7	22.4
<b>Total assets</b>	<b>82.5</b>	<b>79.2</b>	<b>60.9</b>	<b>73.2</b>	<b>132.9</b>
Current liabilities	33.5	32.5	29.1	38.6	27.7 <sup>5</sup>
Non-current liabilities	17.8	16.6	12.7	8.7	11.5 <sup>6</sup>
<b>Total liabilities</b>	<b>51.3</b>	<b>49.1</b>	<b>41.8</b>	<b>47.3</b>	<b>39.2</b>
<b>Net assets</b>	<b>31.3</b>	<b>30.1</b>	<b>19.1</b>	<b>25.9</b>	<b>93.7<sup>7</sup></b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(0.9)</b>	<b>20.1</b>	<b>(13.1)</b>	<b>(55.6)</b>	<b>55.9</b>

<sup>1</sup>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.

<sup>2</sup>Includes former VBA business unit, CSV, established on 16 July, 2019.

<sup>3</sup>Includes cladding rectification levy \$20.4 million (2019-20: \$19.3 million).

<sup>4</sup>Includes CSV net result \$44.5 million.

<sup>5</sup>Revised in the prior year from \$28.1 million to \$27.7 million.

<sup>6</sup>Revised in the prior year from \$11.1 million to \$11.5 million.

<sup>7</sup>Includes CSV cash and cash equivalents \$51.6 million.

# Current year – financial review

## Overview

The VBA's overall financial position has been influenced by the execution of government funded programs from income received in the prior year, in conjunction with continued forecasted fiscal management and stringent budgetary controls. The comprehensive operating result for 2023-24 is a \$1.1 million surplus.

The VBA's regulatory functions income increased by \$8.6 million in 2023-24. This can be attributed to increased collections of General and Domestic Building Dispute Resolution Victoria (DBDRV) building permit levies. Building Practitioner Registration Fees resulted in \$6.1 million of additional revenue, as a result of recognition of Deferred Revenue during 2023-24. The VBA generated \$18.8 million revenue from Plumbing Compliance Certificates, a \$0.3 million reduction compared to 2022-23.

Interest income increased \$0.8 million due to higher interest rates during the year. Grant income received from the Department of Environment, Energy and Climate Action (DEECA) and the Department of Transport (DTP) on behalf of the Victorian Government totalled \$9.3 million, a decrease of \$13.8 million compared to 2022-23.

Total expenditure for 2023-24 was \$107.2 million, compared to \$105.3 million for the previous year. This increase was attributable to employee benefits, continued expenditure relating to government programs, offset by a reduction of investment in IT on new digital systems and lower records management expenses.

## Financial position – cash holdings

Cash holdings at the end of the year were \$58.8 million, marginally down from previous year at \$59.7 million. With balance sheet assets totalling \$82.5 million, and liabilities of \$51.3 million from increased Payables and Contract Liabilities, the VBA has sufficient cash to meet its short-term liabilities and continues to explore opportunities to improve its financial sustainability for the longer term.

## Contributions, Transfers and Research Grant Payments

The VBA contributed \$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 \$1.7 million to the DEECA Building Policy Unit.

The VBA paid \$0.12 million in grants to three universities under its Research Grant Program to support research that will help provide an evidence base to inform regulatory decisions and influence improvements to the building regulatory system and quality of the built environment in Victoria.

The VBA continued to collect and transfer the Cladding Rectification Levy to CSV monthly. In 2023-24, the levy paid to CSV was \$105.3 million, compared to \$92.0 million paid in the previous year.

The VBA also collected a portion of building permit levies and domestic building registration fees to fund services by DBDRV, costs relating to the Victorian Civil and Administrative Tribunal (VCAT) under its Building and Property List, and other costs for administration of the *Domestic Building Contracts Act 1995*. These funds are transferred to CAV every month to administer under the Domestic Builders Fund. For 2023-24, \$16.7 million was transferred to CAV and \$5.8 million was transferred to Department of Justice and Community Safety for these purposes.

**Table 2: Building and Plumbing registration and licensing activity**

	Building practitioner				Plumbing practitioner			
	Company		Natural person		2023–24		2022–23	
Registration applications received	1,282	1,028	1,717	1,780	Registration or licensing applications received <sup>8</sup>	3,412	3,128	
Registration applications finalised	1,195	1,043	1,837	1,789	Registration or licensing applications finalised	3,092	3,018	
Number of practitioners as at 30 June	12,285	12,065	22,959	23,097	Number of registered/licensed plumbers as at 30 June	31,532	30,942	
<b>Number of current registrations as at 30 June 2024</b>				<b>Number of current registration and licences as at 30 June 2024<sup>9</sup></b>				
Builder – Commercial	2,748	2,702	5,701	5,686	Drainage work	23,563	23,003	
Builder – Demolisher	156	165	417	447	Fire protection work	1,059	1,031	
Builder – Domestic	10,883	10,736	16,843	17,045	Gas fitting work	22,185	21,374	
Building Inspector	36	39	1,081	1,008	Irrigation (non-agricultural) work	24,314	23,776	
Building Surveyor	123	115	790	712	Mechanical services work	15,661	15,622	
Building Designer (previously Draftsperson)	156	164	2,270	2,383	Refrigerated air-conditioning work	2,154	2,148	
Erector or Supervisor (temporary structures)	6	7	84	90	Roofing (stormwater) work	23,392	22,871	
Quantity Surveyor	15	16	130	142	Type B gas fitting work	579	598	
Project Manager (domestic)	1	0	56	33	Water supply work	24,849	24,183	
<b>Owner-builder activity</b>								
	<b>2023–24</b>				<b>2022–23</b>			
Owner-builder certificates of consent issued	4,518				4,815			

<sup>8</sup>For year-on-year comparison, this figure does not include returned applications.

<sup>9</sup>This is a count of practitioners who held registration or a licence in the class specified without restrictions. It excludes practitioners who held only a restricted registration or licence in the specified class.

Table 3: Building and Plumbing Activity

Building	2023–24		2022–23		
	2023–24	2022–23	2023–24	2022–23	
Building permits reported	100,176	105,514	Compliance certificates lodged by licensed plumbing practitioners	512,800	528,106
Building permits reported – cost of works (\$ billion)	49.2	47.8	Plumbing modification declarations <sup>10</sup>	27	25
Building permit numbers issued	97,435	105,665			
Building permit numbers issued – cost of works (\$ billion)	48.4	46.8			
Temporary structure occupancy permits issued	85	93			
Technical advice – email enquiries	6,689	4,521	Technical advice – email enquiries	3,311	2,027
Technical advice – telephone enquiries	9,764	9,587	Technical advice – telephone enquiries	9,577	8,960
Attendees at Building Surveyors' Conference	619	0 <sup>11</sup>			
Registration information for aspiring practitioners	15 webinars (796 attendees)	18 webinars (577 Participants) <sup>12</sup>			

<sup>10</sup>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.

<sup>11</sup>There was no Building Surveyors' Conference held in FY22-23.

<sup>12</sup>Five of these sessions were hosted by external stakeholders.

**Table 4: 2023-24 Practitioner Education Series webinars**

<b>Practitioner Education Series (Webinars)</b>	
<b>Webinar title</b>	<b>2023–24 participants</b>
Swimming Pools Registration and Inspection Framework	824
Building: Introduction to Condensation Management NCC 2022	873
NCC 2022 Energy Efficiency Volume 2	893
Building: Proactive Inspections Program and Common Non-Compliances	767
Plumbing: Drainage Inspections	653
Plumbing: Sanitary Drainage – Fundamentals and common enquiries for graded drainage systems	680
Building: Rescreening NCC 2022 Energy Efficiency Volume 2	940
Building: Rescreening NCC 2022 Energy Efficiency Volume 1	602
Building: Livable Housing NCC 2022	1,110
Plumbing: Common plumbing enquiries	599
<b>Total</b>	<b>7,941 participants</b>

Table 5: Building and Plumbing Compliance Activity (Inspections, Audits and Investigations)

Building	2023-24		2022-23		Plumbing	2023-24		2022-23	
<b>Building Audit Program</b>					<b>Plumbing Audit Program (PAP)</b>				
Building Documentation Audits (permits)	104		110		Plumbing audits and drain inspections completed	7,269		7,422	
Regulation 47 Administrative audits	415		N/A		Plumbing audits and drain inspections completed as a percentage of lodged compliance certificates	1.42%		2.10% <sup>14</sup>	
Levy audit (building surveyors)	20		11 <sup>13</sup>						
<b>Building investigations completed</b>					<b>Plumbing investigations completed</b>				
Building practitioner investigations completed	208		212		Plumbing practitioner investigations completed	397		341	
<b>Proactive Inspections Program (PIP) (building and plumbing)</b>									
Building permits inspected	8,199		8,233						
Building permits inspected as a percentage of building permits reported	818%		7.67%						

<sup>13</sup>The VBA recommenced levy audit following establishment of the levy reassessment function.<sup>14</sup>Data correction.

**Table 6: Building and Plumbing enforcement activity**

<b>Building</b>		<b>Plumbing</b>	
	2023-24	2022-23	
			2023-24
			2022-23
<b>Building enforcement</b>			<b>Plumbing enforcement</b>
Show cause notices issued <sup>15</sup>	105	130	Plumbing Inquiries
			15
			30
Prosecutions completed	10	9	Prosecutions completed
			4
			4
Building prosecutions commenced, but not completed as at 30 June <sup>16</sup>	37	6	Plumbing prosecutions commenced, but not completed as at 30 June
			2
			4

<sup>15</sup>Show cause notices issued include those issued on cladding matters.

<sup>16</sup>This does not include prosecutions commenced by the VBA which were subsequently withdrawn.

**Table 7: Building and Plumbing community activity**

<b>Building</b>		<b>Plumbing</b>	
	2023-24	2022-23	
			2023-24
			2022-23
Building complaints received	1,773	1,791	Plumbing complaints received
			1,809
			1,746

## Security of Payment

The *Building and Construction Industry Security of Payment Act 2022 (Vic)* (SoP Act) provides mechanisms for building practitioners and contractors to obtain payment for work undertaken, or for the supply of related goods and services. The objective of the SoP Act is to enable better and prompt payment practices which benefit the industry and, ultimately, the broader community.

### 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 is intended to provide 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. The number of adjudication applications in 2023-24 decreased by 14 per cent compared to last year. There was a slight decrease in the percentage of applications not proceeding to an adjudication determination in 2023-24 compared with a year ago (35 per cent compared to 40 per cent respectively). This indicated claimants continued to use the application process to resolve and settle matters before adjudication determinations are made by adjudicators.

In 2023-24, adjudication application activity continued to be spread across a broad spectrum of claim values. However, most claims (86 per cent) were for amounts less than \$500,000, and 16 per cent of all claims were for less than \$10,000.

Evidence suggests industry practitioners are using the SoP Act for a variety of claims across the industry. For example, analysis of 2023-24 adjudication applications indicated:

- Contractors of all sizes and types (predominately companies) are using the SoP Act, however claims are predominantly brought by subcontractors.
- Subcontractors continue to be the most prevalent users of adjudication process with 49 per cent of claimants being trade subcontractors, 25 per cent head contractors and 11 per cent major subcontractors.

Adjudication applications are predominately brought against head contractors (54 per cent) and developers (27 per cent).

- The most common amounts claimed were between \$40,000 and \$99,999 brought predominantly by trade subcontractors across a wide variety of disciplines against head contractors.
- Claims for more than \$500,000 were predominately brought by head contractors (66 per cent) and major contractors (23 per cent) against developers (63 per cent) and head contractors (31 per cent), with these larger value claims accounting for 78 per cent of the total amount claimed in 2023-24 for projects located across metropolitan Melbourne and regional Victoria.
- The four largest claims for more than \$5 million were predominately brought by head contractors against developers.

### Registered building practitioners using the SoP Act

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 they are using it, as well as how many practitioners are not paying.

Data from 2023-24 showed an increase of claimants who were registered building practitioners (RBPs) from 20 per cent in 2022-2023 to 25 per cent in 2023-24, while there was a slight decrease of respondents who were RBPs from 44 per cent in 2022-2023 to 42 per cent in 2023-24. Consistent with 2022-23, this year’s data showed it is predominantly trade subcontractors (who mostly do not need to be registered) who make adjudication applications, accounting for 49 per cent of adjudication applications in 2023-24.

### Parliamentary Inquiry

In early 2023, the Legislative Assembly referred an inquiry to the Legislative Assembly Environment and Planning Committee into employers and contractors who refuse to pay their subcontractors for completed works.

The final report of the Committee was tabled in Parliament on 28 November 2023. The report made 28 recommendations to the Government, the majority of which recommend changes to the SoP Act and related processes and procedures. The VBA participated in the Inquiry process and contributed to the development of the Government response, which is being led by the Department of Transport and Planning.

**Table 8: Security of Payment**

	2023-24	2022-23
Number of adjudication applications	332	384
Total value of amounts claimed (\$million)	120	74
Number of matters adjudicated	196	212
Total value of adjudicated amounts (\$million)	42	25

## Internal Review

The internal review process allows persons directly affected by certain VBA decisions to seek independent review within the VBA. The internal reviewer is functionally separate from the primary decision-maker.

The review process is an important safeguard under the Act. Internal review is intended to be quick and cost-effective for the affected person. It also helps the VBA to promptly identify areas for improvement in its decision-making processes.

Internal review is available under the Act for review of 'reviewable decisions'. These are generally decisions relating to registration applications or decisions to take disciplinary action against registered building practitioners. 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.

Internal reviews of infringement notices are a separate process and are carried out under the *Infringements Act 2006*. All infringement internal reviews conducted in 2023-24 relate to plumbing offences.

**Table 9: Internal Review**

Internal reviews	2023-24	2022-23
Internal Reviews received for registration decisions	140	119
As a proportion of registrations refused	22%	21%
Completed within 28 days: <sup>17</sup>		
Affirmed <sup>18</sup>	105	108
Amended <sup>19</sup>	0	0
Substituted <sup>20</sup>	41	31
<b>Total registration reviews completed</b>	<b>146</b>	<b>139</b>
Internal Reviews received for disciplinary decisions	21	32
As a proportion of show cause decisions	27%	25%
Completed within 28 days:		
Affirmed	7	16
Amended	8	14
Substituted	2	13
<b>Total disciplinary reviews completed</b>	<b>17</b>	<b>43</b>
<b>Internal Reviews completed for infringement notices</b>	<b>21</b>	<b>22</b>
<b>Total Internal Reviews completed</b>	<b>184</b>	<b>204</b>

<sup>17</sup>Two internal reviews for registration decisions were completed outside 28 days, but have nevertheless been included in these figures. In both cases, the reviewable decision was substituted.

<sup>18</sup>Affirmed is when a VBA decision remains unchanged.

<sup>19</sup>Amended is when some changes are made to the original VBA decision.

<sup>20</sup>Substituted means when the VBA's original decision is replaced with a different decision.

## Performance against Minister’s Statement of Expectations

In November 2023, the Hon. Sonya Kilkenny MP, Minister for Planning issued the current Statement of Expectations to the VBA. This Statement of Expectations succeeds the previous Statement of Expectations dated 26 September 2021.


















Key		
Light grey	Not yet started	
Grey	Awaiting finalisation	
Green	In progress	
Blue	Completed	






Table 10: VBA reporting against Minister’s Statement of Expectations








Expectation	Priority Activity	Status	Progress Comment
<p><b>1. Risk-based Approach to Compliance and Enforcement</b></p> <p>To facilitate practitioner compliance, I expect the VBA to take fair, firm, risk-based compliance, and enforcement action that holds practitioners to account, keeps Victorians safe and contributes to quality build outcomes for consumers.</p>	<ul style="list-style-type: none"> <li>Publish Regulatory Policy Statement by November 2023, outlining how the VBA operates, uses regulatory tools and powers to address non-compliance and improve standards across the building industry.</li> </ul>		The Statement, which was published on VBA’s website on 28 November 2023, clearly articulates VBA’s focus on consumer outcomes through effective industry regulation to deliver a safe and compliant built environment.
	<ul style="list-style-type: none"> <li>Publish Compliance and Enforcement Policy by December 2023. [The Minister was advised that the Policy would be published in early 2024.]</li> </ul>		A revised Compliance and Enforcement Policy Framework was released in April 2024. The document extends on the Regulatory Policy Statement and explains how the VBA enforces compliance in building and plumbing work, and uses its regulatory powers under the Act to protect consumers and improve building safety.
	<ul style="list-style-type: none"> <li>Implement effective strategies to address non-compliance, informed by operational intelligence, data and research.</li> </ul>		The VBA’s Research Grant Program and third round announced in February 2024 emphasises our commitment to backing research that can lead to practical improvements in building standards and practices and provide the evidence to inform regulatory decisions.  VBAs digital renewal program has focused on collating insights from data and analytics to support regulatory activity focused on harms and non-compliances.
	<ul style="list-style-type: none"> <li>Proactively inspect and monitor building works using a risk-based approach.</li> </ul>		Digital audit and inspections systems have been enhanced. This will support decisions on site selection, drawing on data and evidence prioritise inspections based on risk.  Results from the Department of Transport and Planning’s new FY25 Department Performance Statement (formerly BP3) performance measure ‘High and medium risk non-compliances addressed through the proactive inspections program’ provide an indicator of VBAs effectiveness in reducing high and medium risk non-compliances. In Q4 FY24, a total of 990 building sites with detected high and medium risk non-compliances were brought into compliance. The FY25 annual target is 2,500.






Expectation	Priority Activity	Status	Progress Comment
	<ul style="list-style-type: none"> <li>Greater utilisation of enforcement measures available under the Act to target poor operators.</li> </ul>		<p>VBA penalised Aycon Constructions and Building Services P/L and nominee director Mr Seyit Ayranci a total of \$250,000. The record VBA penalty comes after Aycon was immediately suspended in April 2024 for carrying out domestic building work without the required insurance across multiple building sites.</p> <p>In FY24, a total of 221 cautions were issued for matters escalated for disciplinary actions, and 35 practitioners had their registration either suspended or cancelled by the VBA (compared with 30 suspensions or cancellations in FY23). Four building discipline decisions involving suspension and/or cancellation are currently under VCAT review.</p> <p>VBA issued approximately \$845,000 in penalties for building discipline and approximately \$58,000 from Plumbing Inquiry. Five building discipline decisions involving penalties are currently subject to VCAT review. In addition, two of the VCAT decisions finalised in FY24 involved \$17,869 in penalties.</p> <p>A total of 14 prosecutions have been completed, resulting in \$65,100 in fines, five convictions and three diversions (compared with \$177,000 in fines and convictions recorded in six cases in FY23). This is in addition to 39 prosecution matters that are under current proceedings.</p>
	<ul style="list-style-type: none"> <li>Target regulatory communications to support practitioner compliance.</li> </ul>		<p>VBA has utilised social media to support practitioner compliance. There was a marked increase in social media reach/video views from FY22/23 to FY 23/24.</p> <ul style="list-style-type: none"> <li>LinkedIn reach (281,822 to 962, 271), LinkedIn video views (60,070 to 311,949).</li> <li>Facebook reach (109,000 to 406,000), Facebook video views (138,494 to 928,412).</li> <li>Instagram reach (220,655 to 686,636) Instagram video views 28,613 to 320,373.</li> </ul> <p>Popular posts/videos have focused on examples of non-compliance and their solutions, VBA's prosecution activity and VBA research findings. An April 2024 Facebook post on improper service penetration for timber framing resulted in more than 125,000 views.</p> <p>A biannual Compliance and Enforcement report was published to give industry, practitioners, and the community an insight into VBAs compliance and enforcement activities.</p> <p>A Building Documentation Audit Program report was also published in May 2024. The program involves desktop reviews of building and occupancy permit documentation to ensure registered practitioners are carrying out their functions correctly. The latest report details the findings of desktop audits carried out on 40 building permits for Class 1a and Class 1b buildings located within 24 municipalities.</p>
	<ul style="list-style-type: none"> <li>Promote the use of the Security of Payment scheme to manage payment disputes and monitor compliance.</li> </ul>		<p>Security of Payment information, fact sheets, explanatory resources and contact details have been published on the VBA website.</p>
	<ul style="list-style-type: none"> <li>Report annually on results and impacts of compliance and enforcement activities in reducing high risks.</li> </ul>		<p>The VBA publicises case studies, findings and details of any prosecutions on its website, including details of any industry and consumer awareness campaigns associated with compliance and enforcement activity.</p>


Expectation	Priority Activity	Status	Progress Comment
<p><b>2. Reduce Regulatory Harms</b></p> <p>To ensure the efficient delivery of regulatory functions, I expect the VBA to enhance its understanding, targeting and reduction of priority regulatory harms, and work collaboratively with industry, partner agencies, co-regulators on protecting consumers from risk of harms.</p>	<ul style="list-style-type: none"> <li>Undertake ongoing review of VBA's Regulatory Priorities and engage Industry Harms Consultative Committee three times per year on these.</li> </ul>		<p>The Industry Harms Consultative Committee has met three times in FY24 to review regulatory priorities, which are published on the VBA website.</p>
	<ul style="list-style-type: none"> <li>Provide practitioners with the knowledge and guidance they need to undertake work that is compliant, addresses risks and prepares them for industry changes.</li> </ul>		<p>The Office of the State Building Surveyor delivered nine Practitioner Education Series (PES) webinars in FY24, with an average attendance of around 800 participants. Topics covered practices to address identified harms with a focus on water ingress issues (i.e. water damage and the risk of mould, and common roof drainage enquires and faults) as well as new requirements under NCC 2022, Energy Efficiency Volumes 1 &amp; 2 and NCC 2022 Introduction to Condensation Management.</p>
	<ul style="list-style-type: none"> <li>Ensure that the VBA's regulatory approach is informed by evidence on harms.</li> </ul>		<p>VBA's digital renewal program has been focused on collating insights from data convergence and analytics to support regulatory activity focused on harms and non-compliances.</p>
	<ul style="list-style-type: none"> <li>Develop orphaned permit plan to process outstanding permits and to ensure that succession planning requirements for surveyors are put in place.</li> </ul>		<p>The VBA has been working closely with DTP and other key stakeholders to implement solutions that best meet the needs of consumers impacted by:</p> <ul style="list-style-type: none"> <li>Legacy detached permits - open permits that are linked to a PBS who is no longer operating. There were approximately 15,000 potentially detached permits issued in the last ten years.</li> <li>A risk-based assessment has been developed to determine which permits present the highest risk and assist with the prioritisation of actions.</li> <li>Live detached permits - there are approximately 330 of these potentially detached permits that were issued in the last 5 years, and the VBA will provide practical support to impacted individual consumers.</li> <li>Future detached permits - VBA, in consultation with DTP and other key stakeholders, has developed and implemented strategies to minimise the creation of new detached permits in the future.</li> </ul> <p>To date, a range of VBA initiatives have progressed to address detached permits, including:</p> <ul style="list-style-type: none"> <li>Completion of a pilot triage program with over 30 detached permits where the VBA funded building surveyors to review the permit files and recommend a pathway forward for consumers.</li> <li>Considering policy reform recommendations to better address detached permits. Whilst pursuing this, the VBA has powers under the Act that could be utilised to assist industry and consumers with detached permits. For example, issuing directions to fix, compelling the provision of documentation and assisting with transfers of function.</li> <li>Establishing a harms-based risk assessment framework to prioritise permits issued in the past 10 years that are potentially detached.</li> <li>Making changes to the Building Activity Management System (BAMS) to help identify permits that may have immediate issues in the near future.</li> </ul> <p>In FY25, VBA's focus will be making it easier for owners with detached permits to identify and contact a building surveyor who is willing and has the capacity and capability to close their permit.</p>

Expectation	Priority Activity	Status	Progress Comment
	<ul style="list-style-type: none"> <li>Investigate industry practices and processes around compliance with domestic building insurance.</li> </ul>		<p>A program to audit builders in respect of deposit-taking practices as they relate to domestic building insurance requirements has been established. Audits will be undertaken and recorded for a mixture of builder categories (volume, medium, small). The audit process involves the selection of participants based on risk assessment, analysis of data and intelligence received, follow-up of data requests as needed, and potential enforcement activity that flows from audit results. Considering this is a new audit program that may be subject to further refinement, management has set a target of 40 DBI audits to be undertaken in FY25.</p>
	<ul style="list-style-type: none"> <li>Report annually on results and impacts of harms reduction activities.</li> </ul>		<p>Regular updates on how the VBA is addressing harms under each of its regulatory priorities are provided on its website. In some cases, the VBA collaborates with its partner agencies to address some of its priorities that may benefit from joint regulatory effort.</p>

Expectation	Priority Activity	Status	Progress Comment
<p><b>3. Government Reforms</b></p> <p>To achieve better outcomes for consumers, I expect the VBA to support the Department of Transport and Planning (DTP) in the implementation of government reforms in line with legislation and directions.</p>	<ul style="list-style-type: none"> <li>Support the implementation of Automatic Mutual Recognition, Trades Registration, Continuing Professional Development (CPD) program and other programs.</li> </ul>		<p>A new Automatic Mutual Recognition registration system commenced in April 2024, and provides online forms and a register with back-office management of practitioners. A total of 176 building practitioner notifications for recognition under the new scheme were received up to 30 June 2024, with 32 of these interstate building practitioners having automatic deemed registration (ADR) in effect in Victoria at 30 June 2024. A further 27 plumbing practitioner notifications for AMR have been received with three in effect at 30 June 2024.</p> <p>VBA has had ongoing input to the development of the CPD proposal, draft Regulations and a Regulatory Impact Statement, and will commence implementation once the necessary funding has been secured.</p> <p>VBA will continue to support DTP in its development of the trades registration proposal.</p>
	<ul style="list-style-type: none"> <li>Collaborate with DTP on the development of implementation options for building and plumbing reform initiatives.</li> </ul>		<p>The VBA continues to engage with DTP on all aspects of building system reform.</p>
	<ul style="list-style-type: none"> <li>Support the transfer of the Municipal Building Surveyor function to councils for sites subject to the Statewide Cladding Audit.</li> </ul>		<p>At the direction of the Minister for Planning, the VBA has enabled the transfer back to councils of responsibility for delivering the Municipal Building Surveyor (MBS) function for 332 buildings with a triage assessment of high or extreme risk determined as part of the Statewide Cladding Audit (SCA). To support the transfer, the VBA has prepared detailed files on each of the buildings.</p> <p>The VBA continues to assist building owners, councils, and Cladding Safety Victoria rectify combustible cladding.</p>
	<ul style="list-style-type: none"> <li>Implement a statutory role for the State Building Surveyor.</li> </ul>		<p>At the time of report preparation, a range of initiatives have been progressed to operationalise the Office of the State Building Surveyor's (OSBS) additional functions, which include:</p> <ul style="list-style-type: none"> <li>Establishing an OSBS Operating Framework.</li> <li>Progressing the development of a Binding Determination (BD) framework that includes policy, protocol and governance, and draft BD.</li> </ul> <p>Andrew Cialini was appointed as Acting State Building Surveyor with additional statutory powers, in February 2024.</p>
	<ul style="list-style-type: none"> <li>Work collaboratively with the Building Monitor once the role is appointed.</li> </ul>		<p>As at 30 June 2024, the government had not appointed the building monitor.</p>

Expectation	Priority Activity	Status	Progress Comment
<b>4. Customer Experience</b> To build customer confidence in the regulation of Victoria's building industry, I expect the VBA to uplift its services to improve the timeliness and overall experience of consumers and practitioners.	<ul style="list-style-type: none"> <li>Educate consumers to build knowledge of VBA's role within the building system.</li> </ul>		VBA continues to focus on consumer communications and engagement (via the Home Show and Build Aware regional sessions) to build knowledge of the building system, VBA's role, and consumer responsibilities. Communiqués have also reminded consumers of the importance of domestic building insurance (DBI) and not to pay a deposit until their builder has shown proof of a valid DBI policy and certificate of insurance that applies to their property.
	<ul style="list-style-type: none"> <li>Facilitate co-resolution of consumer complaints with agency partners.</li> </ul>		The VBA takes information from consumers, including complaints, to inform regulatory responses to address urgent safety issues related to building and plumbing work. While the VBA is not always able to intervene or directly support a consumer outcome (e.g., during a contract dispute), we have worked closely with other agencies, such as Consumer Affairs Victoria (CAV), Domestic Building Dispute Resolution Victoria (DBDRV), Victorian Managed Insurance Agency (VMIA), to provide consumers with a coordinated approach to complaints resolution.  As a result of the Aycon matter, in which the company was suspected of carrying out domestic building work without the required insurance, VBA worked with VMIA in data-matching building permit volumes with the numbers of purchased DBI policies. VBA was able to confirm that Aycon had not obtained the required DBI for some of its building projects and in the process of data-matching, also identified other practitioners of concern. VBA continues to work with government partners to support affected customers of Aycon.
	<ul style="list-style-type: none"> <li>Launch new licensing and registration system for building practitioners.</li> </ul>		The new licensing and registration system (LRS) for builders commenced operation in the first half of this reporting period.
	<ul style="list-style-type: none"> <li>Release online interactive registration forms for building practitioners.</li> </ul>		The new LRS provides new online options for builders to apply or renew registration and complete annual financials and annual renewal using a Service Victoria login account and identity verification.
	<ul style="list-style-type: none"> <li>Work with Services Victoria to develop a digital licence for building practitioners.</li> </ul>		The Digital Licence Card for builders using Service Victoria wallet and tokens was piloted. This will progressively be made available to all builder cohorts over time.
	<ul style="list-style-type: none"> <li>Improve consumer complaint response timeframes.</li> </ul>		Ongoing renewal of VBA corporate systems continues. The contact centre and telephone system were enhanced to provide better management data for ongoing service improvement.  Results from the Department of Transport and Planning's new FY25 Department Performance Statement (formerly BP3) performance measure 'Consumer enquiries to the VBA resolved at first point of contact' provide an indicator of VBAs effectiveness in supporting consumers within VBAs remit. In Q4 FY24, VBA exceeded the 80% target with 81.56% of consumer enquiries being resolved at first point of contact.
<ul style="list-style-type: none"> <li>Improve practitioner and consumer sentiment for online interactions.</li> </ul>		Following the rollout of the new licensing and registration system, 90% of practitioners who responded to a survey reported a positive experience when using the Building Practitioner Portal for online services.  VBA intends to conduct consumer sentiment research in FY25.	

Expectation	Priority Activity	Status	Progress Comment
<p><b>5. Sustainable, Future Ready</b></p> <p>Looking forward, I expect the VBA to be financially sustainable, adaptable, and future-ready to deliver its regulatory functions and strategic objectives.</p>	<ul style="list-style-type: none"> <li>Ensure that the VBA's operating model can deliver effectively on the Regulatory Policy Statement.</li> </ul>		<p>Organisational realignment to support the RPS has been informed by VBA staff feedback and suggestions received during the consultation process.</p> <p>To provide evidence of shifts in operational approaches towards best practice, it is proposed to make use of Better Regulation Victoria's self-assessment tool for regulators (currently in development and scheduled to be available early FY25).</p> <p>The VBA continues to act to ensure its future financial sustainability. Pursuing Plumbing Fee reset options and others. Revenues are heavily reliant on economic activity to drive construction activity, which generates the primary income source – the building permit levy. VBA had an operating surplus of \$1.1m, for the financial year to 30 June 2024 (This result was supported by early government grant of \$4M received in advance to support the Building Reform program beginning in FY25).</p>
	<ul style="list-style-type: none"> <li>Collaborate with DTP to reset plumbing fees (licensing and registration fees, compliance certificate fees, modification and declaration fees).</li> </ul>		<p>VBA is awaiting government approval before releasing a Regulatory Impact Statement (RIS) for public consultation for Plumbing Fee reset.</p>
	<ul style="list-style-type: none"> <li>Uplift enabling systems to support plumbing fee changes.</li> </ul>		<p>Work to uplift systems to support plumbing fee changes is dependent on the outcome of formal consultation on the RIS.</p>
	<ul style="list-style-type: none"> <li>Establish ongoing relationships with key industry bodies, associations and unions via regular engagement.</li> </ul>		<p>Regular updates on stakeholder engagement by the VBA CEO and Executive have been provided to the Minister for Planning throughout FY24.</p> <p>VBA Commissioner and senior management representatives have met with the CPSU at least monthly during the financial year.</p> <p>Two high-level advisory committees were established to support the new Commissioner for the VBA from 15 May 2024 for a period of two years – one for building and one for plumbing.</p>
	<ul style="list-style-type: none"> <li>Improve understanding of regulatory roles and responsibilities of relevant building surveyors, local councils, and VBA.</li> </ul>		<p>The Office of the State Building Surveyor continued to provide advice and support to councils and building surveyors on the performance of their building control functions.</p> <p>Monitoring and reporting on the delivery of building control functions will be a focus in FY25.</p>

Expectation	Priority Activity	Status	Progress Comment
	<ul style="list-style-type: none"> <li>Continue to focus on improvements in workplace culture at the VBA to deliver better outcomes for staff and stakeholders.</li> </ul>		<p>Participation in the 2024 People Matter Survey (PMS) reached a response rate of 79% across the VBA (compared with 76% in 2023). Several initiatives have been delivered during the financial year in response to 2023 PMS results including:</p> <ol style="list-style-type: none"> <li>1. Specialist mental health training for leadership teams.</li> <li>2. Integration of a Communications Charter.</li> <li>3. Development of a Change Ready Program to support transformation as a trusted regulator.</li> <li>4. Development of a new onboarding, e-learning experience for new VBA members.</li> <li>5. Implementation and reporting of VBA's Gender Equality Action Plan.</li> <li>6. Advancement of flexible working arrangements</li> <li>7. Introduction of Peer Support Officers.</li> </ol> <p>There are several initiatives currently in development and close to implementation:</p> <ol style="list-style-type: none"> <li>1. VBA's first-ever capability framework and supporting capability development suite.</li> <li>2. Occupational aggression and violence training.</li> <li>3. Facilitation of workshops focused on OHS standards and safety practices at the VBA.</li> </ol> <p>On release of the 2024 PMS results, senior management and their teams will assess and determine other initiatives that build on previous work to create a positive working experience and culture at the VBA.</p>



# Spotlight on: Regulatory Policy Statement



In 2023-24 the VBA developed its Regulatory Policy Statement (the Statement). This Statement is a foundational document that provides overarching guidance to practitioners, consumers, industry stakeholders and staff on the VBA's regulatory approach, role, and responsibilities.

A key component of the Statement and new regulatory approach is ensuring consumer interests are at the forefront of what the VBA does. The VBA aims to be a trusted regulator and does so by being proactive, responsive, consistent, credible and committed to improving consumer outcomes.

The Statement sets out how the VBA uses its powers and its regulatory tools to reduce harms in the built environment and protect the health and safety of all Victorians. It provides greater clarity about what is expected of the VBA as a regulator, and outlines the VBA's expectations of builders, plumbers and other practitioners.

The Statement represents a refreshed regulatory posture on how the VBA regulates the building and plumbing industry. Ensuring the building industry constructs safe buildings is a responsibility shared by all players in the system – practitioners, building surveyors and partner regulators.

The Statement is aligned with Better Regulation Victoria's 10 principles of good regulatory practice and complements the VBA's implementation of its harms-based approach to regulation.

The Statement has provided a foundation the VBA has used to inform other key policy frameworks including our Compliance and Enforcement Policy Framework and annual and divisional plans. It allows VBA staff to make informed decisions, fostering an internal culture of accountability, transparency and proactive engagement with practitioners, industry and consumers.

**VBA** VICTORIAN  
BUILDING  
AUTHORITY

## Regulatory Policy Statement

November 2023



**VICTORIA**  
State  
Government

## Regulatory priorities

The VBA's regulatory priorities are based on a hierarchy of harms and represent the key areas where the VBA will focus its regulatory effort.

The VBA has worked with industry, co-regulators, and other stakeholders to review, assess, and verify its list of priorities. This ensures the VBA is addressing areas with the potential to negatively impact the Victorian community.

The VBA's regulatory priorities remained the same in 2023-24. They were:

- Water.
- Fire safety.
- Product safety.
- Solvency of building companies.
- Practitioner capacity and capability.
- Practitioner competency.

This means the VBA is prioritising actions to address harms under priority areas that result in considerable consumer issues. For example, one of the regulatory priorities is water and the VBA is looking at ways to take action to address harms from water ingress and water damage that may lead to mould, moisture in buildings and structural deterioration. Addressing harms such as water ingress may include the VBA tailoring regulatory interventions aimed at building non-compliances, use of non-compliant materials, or products or practitioner competency.

Regular updates on how the VBA is addressing harms under each of its regulatory priorities are provided on its website. In some cases, the VBA collaborates with its partner agencies to address some of its priorities that may benefit from joint regulatory effort.

The VBA has also commenced a new program to develop an overarching framework and strategy to address and rapidly respond to harms as part of its process to embed the harms-based approach to regulation into the VBA. Further updates on this work will be provided throughout 2024.

## Trusted Regulator Program

To translate the VBA's Regulatory Policy Statement into action, the Trusted Regulator Program (TRP) comprises a portfolio of initiatives that will be overseen by the Reform Management Office (RMO).

The Government has made an important investment in the VBA's capacity and capability to deliver on key Victorian initiatives, including the Housing Statement and the implementation of the Expert Panel recommendations.

The rapid growth in building activity needed to deliver on Victoria's Housing Statement and the changing mix of buildings, and an uplift in demand and supply of class 2 mid-rise apartments, requires the VBA to increase its regulatory footprint and consumer impact in this building class. To achieve this, the VBA is scaling up its operations, through the recruitment of additional inspectors, so there are more 'boots on the ground' on building sites. This expansion is critical to maintaining our ability to audit the safety and compliance of the growing number of building projects.

The VBA is working closely with the Victorian Government to secure the necessary resources and support to keep pace with these demands. This includes ongoing recruitment efforts and strategic partnerships to improve our capacity.

The TRP is a multi-year program and has initiatives that will result in:

- Increased visibility of the VBA's people on Victoria's building sites, through investment in more boots on the ground.
- Earlier identification of risky building sites and rogue practitioners.
- A faster and firmer response to consumer complaints and to compliance issues in the industry.

The VBA's RMO is responsible for validating, prioritising and sequencing TRP initiatives and provides regular updates to VBA people, industry stakeholders and practitioners about the VBA's progress.

## Embedding dedicated reform and transformation capabilities

To accelerate the VBA's reform and transformation capability a new business unit, the Reform Management Office (RMO), was established within the Strategy, Assurance and Risk division.

Consisting of six key work streams, the RMO acts as the engine room for delivering the VBA's Trusted Regulator Program, which involves a significant transformation to how the VBA operates. The RMO has been purpose-built to drive this complex, multi-year transformation, enabling the VBA to be more responsive to shifting priorities while driving progress.

The RMO will not only prioritise, enable and facilitate VBA teams to build capability, but escalate and prioritise key actions required to maintain momentum, mitigate risk and leverage opportunities that arise, all with the aim of achieving and delivering on the VBA's strategic objectives.

## Holding practitioners to account

The VBA is responsible for monitoring and enforcing compliance with the Act and associated regulations and guidelines, including the National Construction Code and Code of Conduct for Building Surveyors in Victoria. The Act provides various enforcement tools to be used where individuals or companies fail to comply with its requirements. The VBA's enforcement decisions are made according to the Compliance and Enforcement Policy, a new policy introduced this year. The VBA also publishes a biannual Compliance and Enforcement Report that is designed to give industry, practitioners and the community an insight into our activities. The [reports](#) are available on the VBA website.

The Compliance and Enforcement function includes Complaints, Investigations, Prosecutions, Statutory Referrals, Terminations, Transfer of Functions, Levy Audits, the Building Activity Team, Practitioner Intelligence Unit, Building Practitioner Discipline and Plumbing Inquiries.

## Complaints

The VBA received 1,773 building complaints and 1,809 plumbing complaints in 2023-24, a one per cent decrease and four per cent increase respectively, compared to a year ago. The number of complaints escalated for investigation and discipline has decreased year-on-year by 13 per cent. This is because the VBA has made improvements to its end-to-end management of complaint cases ensuring that only the more serious non-compliances are referred for investigation. A greater emphasis is also placed on early education and warnings to prevent repeat misconduct.

Engagement with plumbing practitioners to achieve rectification in the initial complaint stage, without referring to investigation, remains a priority as it achieves a timelier resolution for consumers. Practitioners found to have undertaken non-compliant work are referred for increased monitoring through scheduled inspections and audits, including via the VBA's Plumbing Audit Program (PAP). Data collected on the causes of complaints informs the VBA's education strategies and includes industry alerts issued to practitioners to help improve compliance.

## Statutory Referrals

The VBA received 290 statutory referrals in 2023-24, a 16 per cent decrease compared to last year (345). This reflected a decrease in the number of section 33 (Missed Mandatory Inspection) and section 37 (Directions to Fix) referrals received. The number of Building Orders referred remained consistent with the previous year. The volumes and types of statutory referrals received by the VBA is variable and dependent on what is submitted by building surveyors.

Twenty-four cautions were issued to building practitioners for failing to call for a Mandatory Inspection. There were also 81 section 33 and section 37 matters escalated to Practitioner Discipline for action, and one owner-builder was referred for investigation.

The unenforceability of Building Orders and Directions to Fix remains an issue the VBA is committed to resolving through collaboration with building surveyors. The VBA continued to send education letters to building surveyors when it received unenforceable instruments, which increased this year. These letters detailed why the instrument is unenforceable and suggested next steps, including the option to speak with a VBA Senior Technical Advisor.

## Transfer of Functions

The Act provides that the appointment of a private building surveyor cannot be terminated without the consent of the VBA. The VBA received 257 requests for consent to terminate a building surveyor in 2023-24, a 19 per cent decrease compared to last year.

When a private building surveyor transfers their functions to another private building surveyor or a municipal building surveyor, there is a requirement to notify the VBA and relevant council. In 2023-24, the VBA received 5,541 transfer of function notifications. This was four times more than the number of notifications received last year and can be attributed to one large bulk transfer of more than 4,000 appointments in September 2023. The most commonly reported reasons for transfer were related to service, client preference, and building surveyors leaving their lodging organisations.

## Investigations

The VBA conducts investigations to determine whether there is sufficient evidence to prove that a person has committed a breach of the building or plumbing legislation. This work can involve conducting interviews, preparing reports and detailed briefs of evidence, participating in court proceedings, and providing advice and information to industry.

In 2023-24, the VBA completed 208 building investigations and 397 plumbing investigations, reflecting the decrease in the number of complaints escalated to investigations as noted above. This approach reflects the VBA's reform objectives of taking a proportionate regulatory response depending on the seriousness of the harm.

## Prosecution and Disciplinary Action

The VBA takes disciplinary action against registered building practitioners through its practitioner discipline function. This formal disciplinary process commences with a show cause notice, which details the alleged grounds and proposed penalties, while providing procedural fairness to practitioners by affording them the opportunity to respond in writing or orally. Following this response, a decision to take disciplinary action is subject to internal review and/or review in the Victorian Civil and Administrative Tribunal (VCAT). Some disciplinable matters, typically less serious and first-time conduct, are resolved by issuing a caution, which informs the VBA's approach to subsequent conduct of concern.

One hundred and five show cause notices and 84 discipline decisions were issued in 2023-24. These resulted in 14 cancellations and 21 suspensions of registrations. Fifty-three monetary penalties were imposed, totaling more than \$845,000.

The VBA may file charges against a person or body corporate for offences against the Act. A VBA prosecution is a criminal proceeding heard in the Magistrates' Court of Victoria but may be heard in the County Court of Victoria, depending on the offence(s) and circumstances.

The ability to issue criminal charges is an important regulatory tool for the VBA. If serious non-compliance is identified, the VBA considers whether to initiate criminal proceedings. In 2023-24, the VBA completed 14 prosecutions, of which 10 related to building matters and four related to plumbing matters. At the end of the reporting period, the VBA had more than 35 cases underway, but which were not yet completed. The most common offence prosecuted related to unregistered persons carrying out either building or regulated plumbing work. About half of all prosecutions resulted in a finding of 'proven with conviction recorded' and only one case was dismissed. The VBA continues to advocate to the Court as to why stronger penalties are warranted in given cases, as part of its remit to support consumers and act as a credible threat to people who do the wrong thing.

Separately, Plumbing Inquiries are disciplinary proceedings into the conduct of plumbing practitioners, commenced by the VBA and heard before a VBA delegate. Plumbing Inquiries follow a plumbing investigation and where serious non-compliance with plumbing legislation has been identified. Of the completed Plumbing Inquiries, all but three of the 15 outcomes delivered resulted in financial penalties imposed on the practitioner, to the total amount of \$61,000. One plumbing practitioner had his registration cancelled and was disqualified from being licensed for three years.

# Spotlight on: Multi-disciplinary audit and inspection pilot



To improve consumer outcomes and harness the collective expertise of our teams, the VBA undertook a multi-disciplinary audit and inspection pilot to assess building and plumbing works at selected sites.

The multi-disciplinary team consisted of professionals with considerable experience and expertise including building auditors, building surveyors, building and plumbing inspectors, structural engineers, fire safety engineers, hydraulic and mechanical engineers and essential safety services specialists. This approach differs from the VBA's standard audit and inspection work, which typically involves only one or two specialists per site.

The pilot's aims included:

- Verifying that building work was carried out in accordance with the National Construction Code, relevant Australian Standards and the relevant approved plans.
- Identifying non-compliances, defects, safety hazards, or other issues that may impact the safety or integrity of the building.
- Obtaining information to determine whether building practitioners are required to take action to prevent or remedy potential serious defects through existing pathways available to the VBA.
- Intercepting non-compliant works that may impact the safety, integrity, or amenity of the building before it is occupied by consumers.

The VBA engaged with building and plumbing practitioners to communicate what it had found and to asked them to remedy any non-compliances.

This resulted in additional design documentation and engineering details submitted to the VBA, as well as the remediation of deficient building items. Plumbing practitioners were issued rectification notices on multiple occasions, resulting in them re-attending and addressing these works.

The VBA identified that this multi-disciplinary approach has benefits for complex building sites and is exploring ways to broaden its application in the future.

## Proactive regulation to enhance community safety

The Proactive Inspections Program (PIP) and the Plumbing Audit Program (PAP) focus on the identification and rectification of non-compliant building, plumbing, and drainage works on site.

The VBA's Inspection Services team includes highly skilled and experienced registered building inspectors, building surveyors, and licensed plumbers. This team undertakes inspections and audits of both domestic and commercial building sites.

For buildings, the most common non-compliances related to timber framing, waterproofing and external weatherproofing, fire separations and wall cladding, and footings and slabs were among the most prevalent. Above-ground consumer piping, cold water services, general pipework installation, and stack systems and ventilation were among the most prevalent plumbing non-compliances identified.

By proactively inspecting building and plumbing work during construction, the VBA engages with industry to build trust, educate building and plumbing practitioners as the construction industry evolves, and ensure practitioners meet their obligations and functions under the Act and Regulations. Information from inspections is gathered to better educate industry stakeholders with proactive site inspections allowing for real-time feedback. Any issues identified can be addressed quickly rather than if discovered later, when it may be more costly and time-consuming, or eventually lead to a dispute.

In 2023-24, the VBA inspected 8,199 building permits, or 8.18 per cent of all permits issued. The VBA continued to adopt a harms-based approach to inspection activities. The VBA identifies harms in the built environment and focuses its resources on activities and behaviours that pose the greatest harm, or risk of harm, in accordance with our risk appetite and other risk management strategies. As a result, 3,351 notifications were sent to 1,621 practitioners requiring compliance risks to be addressed.

The VBA conducts risk-based compliance audits and below ground drainage inspections of plumbing work throughout Victoria. On site audits are performed on plumbing work based on the lodgement of compliance certificates that are selected using a risk-based criteria. As part of the PAP, the VBA conducted 7,269 plumbing audits and drain inspections, with 1.42 per cent of lodged compliance certificates inspected in 2023-24.

## Practitioner registration and licensing

The VBA registered or licensed 66,776 building and plumbing practitioners this year, a one per cent increase compared to last year.

The registration of natural person building practitioners decreased by less than one per cent to 22,959, while the number of building company practitioners grew by two per cent.

Since 2021, the *Professional Engineers Registration (PER) Act 2019* shifted the responsibility for engineer registrations to Consumer Affairs Victoria (CAV). The VBA has continued to provide endorsement for the increasing numbers of registered engineers who wish to work in the building industry. In 2023-24, the VBA recorded 4,744 engineer endorsements, which represented a six per cent increase compared to last year.

The VBA registered or licensed 590 new plumbers in 2023-24, with a record 31,532 plumbers registered or licensed in Victoria. This represented a two per cent year-on-year increase. There was an increase in registrations or licences granted in most plumbing classes, with fire protection work (2.7 per cent), drainage work (2.4 per cent), and roofing (stormwater) work (2.3 per cent) the most notable.

Automatic Mutual Recognition (AMR) is a national scheme allowing individuals to use their home state or territory occupational registration or licence to work in other participating states and territories.

AMR allows individuals who hold registrations or licenses in an Australian state or territory to perform those same permitted activities in another part of Australia, subject to some exceptions. In 2023-24, the VBA received 176 building practitioner notifications for AMR, with 32 of these interstate building practitioners having automatic deemed registration (ADR) in effect at 30 June 2024. Twenty seven plumbing practitioner notifications for AMR had been received, with three in effect at 30 June 2024. During the year, the VBA made technological improvements to align AMR practitioners' registration with established VBA systems.

As part of the process of assessment of the skills and knowledge of registration applicants, the VBA may request that an applicant complete an exam. For some categories and classes of building practitioner, the VBA offers online exams. In 2023-24, the VBA delivered 748 online exams, with the majority related to Domestic Builder (Unlimited) registration.

To assist the VBA to administer the registration and licensing schemes for building and plumbing practitioners, and to better engage with apprentices, a Memorandum of Understanding (MoU) between the VBA and the Victorian Registration and Qualifications Authority (VRQA) was executed in March 2023.

As a result of this MoU, the VBA has trialled targeted, direct communications to plumbing graduate apprentices to provide timely information on the pathways to registration and other information to support their transition to registration. In addition, the VBA has proactively contacted employers of plumbing graduate apprentices with information about how to support their apprentices into registration and their obligations as employers. This has provided the VBA with valuable insight into apprentice behaviours and allowed for tailored communications campaigns and responses to optimise engagement.

## Harms-based approach to regulation

The VBA has developed a comprehensive framework for identifying and prioritising harms. The VBA identifies significant harms through analysis of data; intelligence; research; audit, inspection and investigation findings; consultations with co-regulators and other industry stakeholders and assessment and analysis of consumer experiences. These harms have helped to inform the VBA's regulatory priorities.

The VBA continues to embed this approach into business-as-usual, which enables the VBA to focus its resources on regulatory activities towards serious harms and driving behavioural change across the industry, ultimately to improve consumer outcomes.

In the second half of 2023-24, the VBA embarked on a program to further embed the harms-based approach to regulation into VBA operations. This program will develop a framework and strategy to enable the VBA to rapidly respond to regulatory issues and harms. The first phase of the program will look at selected harms and the design of interventions such as targeted consumer awareness, and inspection campaigns to address these. Further updates on this work will be provided throughout 2024.

Embedding the harms-based approach is a phased process for the VBA, with our people working hard to integrate this approach into regulatory operations and compliance and enforcement activities, as the VBA continues to mature as a harms-based and trusted regulator.

# Spotlight on: Embedding harms-based regulation and response to harms



The VBA has commenced a program that looks at practical ways of embedding the harms-based regulation into the organisation through its Rapid Response to Harms initiative. This initiative is designed to systematically and rapidly identify, target and address harms that pose the greatest risk to public health, safety and consumer disadvantage.

Aligned with VBA's identified regulatory priorities, this initiative is focused on identifying opportunities that would benefit from a rapid response and harms intervention, and will leverage regulatory tools at the VBA's disposal *across education, compliance and enforcement*. This initiative has streams of work across regulatory processes, systems, ways of working, and compliance and enforcement tools and powers.

Through this initiative, the VBA will further refine its framework, systems and processes to enable the rapid response to regulatory issues and harms, and will support positive outcomes for consumers by focusing on the areas where the VBA can have the greatest impact.

The VBA will be publicising case studies, findings and details of any prosecutions on its website and will also include details of any industry and consumer awareness campaigns associated with this program.



## Industry Harms Consultative Committee

The VBA has a unique line of sight to Victoria's building and plumbing industry with deep and diverse expertise to engage with consumers, government, other regulators and industry to strengthen Victoria's building and plumbing system. Since 2022, the VBA has used its Industry Harms Consultative Committee (IHCC) to engage with key industry stakeholders.

Made up of representatives from key industry stakeholders such as Master Plumbers Association of Victoria, Master Builders Association of Victoria, Housing Industry Association, Royal Institution of Chartered Surveyors, and the Plumbing Advisory Council, the IHCC has been instrumental in providing the VBA with industry perspectives, insights and feedback. This has included consultation on the development of the VBA's Regulatory Policy Statement and review of its regulatory priorities.

The IHCC meets on a quarterly basis to provide insights on approaches and opportunities to address harms and emerging harms in the build environment. The VBA sees the IHCC as a critical input into its approach to harms based regulation, and will continue to engage and leverage the expertise and insights the IHCC provides through 2024-25.

## Technological improvements to enhance digital experience

In 2023-24, the VBA continued its multi-year digital renewal program, which has been incorporated into the Trusted Regulator Program reforms. A new Licensing and Registration System (LRS) for builders became operational in August 2023 and provides new online options for builders to apply or renew registration and complete annual financial and renewal requirements using a Service Victoria login account and identify verification. The system provides modern capabilities with process controls, correspondence generation, record keeping, integrated police checks and request-for-information processes.

In May 2024, the VBA launched a Digital Accreditation for building designers following a successful pilot program in November 2023. The Digital Accreditation enables faster, more effective regulatory practices. Some of its benefits include a more convenient way for practitioners to verify their licence or registration, without the need for a physical card, instant access as soon as a licence or registration is granted, increased accuracy and security, instant updates to reflect any changes to practitioner details, and no risk of damage or loss compared to physical cards. In conjunction with Service Victoria, the Digital Accreditation will be implemented in a multi-phase approach for other classes of building practitioner. At 30 June 2024, 156 building designer practitioners had activated their Digital Accreditation.

The management of Automatic Mutual Recognition (AMR) practitioners has improved with the commencement of a new registration system in April 2024. This provides online forms and registration management activities for interstate practitioners and aligns them with VBA processes.

During the year, the VBA moved all of its information system hosting from the VBA data centre to a cloud hosting provider. This provides the VBA with improved agility in changing systems to suit legislative reform and organisational changes. In addition, the organisation's cyber security posture has been tested and enhanced in line with the Whole of Victorian Government program.

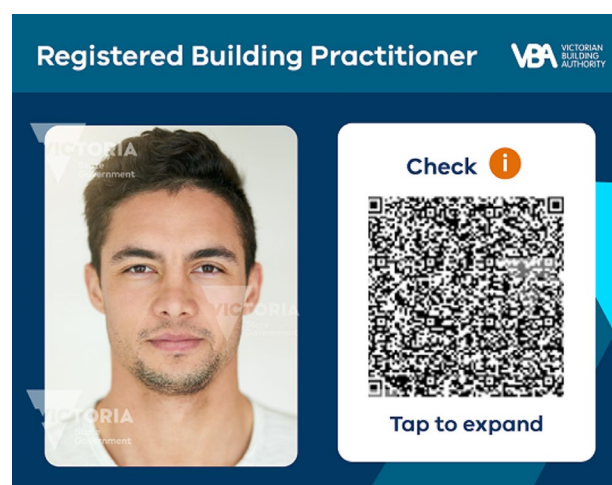


Figure 1: An example of a VBA Digital Accreditation.

## Building Documentation Audit Program

The Building Documentation Audit Program (BDAP), previously referred to as the Building Surveyor Audit Program, monitors that regulatory requirements are met for building work in Victoria. During 2023-24, the scope of the program was expanded to ensure all practitioners involved in the design and approval of building permits are being held accountable for their work, both with the technical requirements of the NCC and Australian Standards, and administratively with the regulatory requirements of the Act and Regulations.

The program involves desktop reviews of documentation related to building work in Victoria, including administrative and technical documentation, to verify that registered building practitioners and endorsed building engineers are carrying out their functions correctly and a quality-built environment is maintained. The VBA's Building Audit team includes highly skilled and experienced registered building surveyors working alongside other industry professionals including fire, structural and mechanical engineers. This team undertakes audits of both domestic and commercial work.

In 2023-24, the BDAP conducted 104 desktop documentation audits, which focused on compliance with the NCC Volume 1 and 2 and the AS-1926 series for swimming pools. This included in-depth analysis of fire performance solutions and mechanical and structural engineering design. The audits identified documentation and compliance gaps with the application of the NCC including referenced Australian Standards, which have been detailed in BDAP published reports. The [reports](#) are available on the VBA website. These findings have informed the VBA and industry of education priorities, especially with regard to documentation standards.

As part of the BDAP program, 415 audits were completed on compliance with reporting prescribed events in BAMS, as required by regulation 47. The objective of these audits was to improve reporting of prescribed events in BAMS and prevent future detached permits.

The BDAP worked with practitioners to ensure non-compliances were addressed. This work was done to promote a safe built environment for building occupants and promote best practice.

## Building permit activity

There were 100,176 building permits reported to have been issued by building surveyors in Victoria in 2023-24, with a total cost of works valued at \$49.2 billion. While the number of building permits issued for new builds reduced by seven per cent year-on-year to 57,876, overall cost of works increased by four per cent. The cost of building remained high, challenged by inflationary pressures, material and labour costs and shortages. Building activity in the residential sector increased by 38 per cent compared to a year ago, while activity in public buildings, commercial, and industrial sectors decreased compared to last year.

In regional Victoria, 32,241 building permits were issued, a decrease of 11 per cent compared to a year ago. Of the five regional areas, the south-west had the highest number of building permits approved, with 9,146. In metropolitan Melbourne, 67,935 building permits were approved, which represented a 2 per cent reduction compared to a year ago, however cost of works increased four per cent. The VBA publishes a range of datasets and statistics about our building permit activity Data, which can be found at [vba.vic.gov.au/about/reports-and-data](https://vba.vic.gov.au/about/reports-and-data).

## Levy Audit program

The Levy Audit team carries out BAMS record audits on registered building surveyors to determine their reporting compliance related to:

- Section 18AA of the Act supplying the correct and complete information to the VBA when applying for a building permit number.
- Regulation 47 of the *Building Regulations 2018*: supplying the correct and complete prescribed event information to the VBA monthly.

The VBA completed 20 audits in 2023-24, compared to 11 a year ago. This year, VBA teams collaborated to focus on Regulation 47 compliance, which uncovered \$363,600 in unpaid levies. In 2023-24, the VBA collected \$246,940 from levy reassessment.

This work enabled the VBA to identify common causes of non-compliance with Regulation 47. As part of VBA's effort to educate and assist building surveyors to comply with Regulation 47, these causes of non-compliance were published on the VBA website.

## VBA as Municipal Building Surveyor in the Statewide Cladding Audit

The VBA, through a series of Ministerial Declarations, was directed to perform the MBS function for 332 buildings assessed through the Statewide Cladding Audit as being of high or extreme risk.

While supporting building owners through the rectification of combustible cladding, the VBA's MBS Delegates were required to perform all the functions of an MBS for the 332 buildings. In addition to cladding matters the VBA's MBS Delegates carried out building audits and inspections, where non-compliances, defects, and life safety risks were identified.

Following inspections, the VBA's MBS Delegates would issue enforcements requiring the owners of the building to take necessary and required steps to improve the safety of their building. Such remedies have included removing the combustible cladding, updating, enhancing and maintaining Essential Safety Measures such as smoke detection and alarms, sprinklers, fire hydrants, and hose reels. These remedies may have included other 'passive' fire safety measures such as fire separation and compartmentation within the structure of the building itself.

At the direction of the Minister for Planning, the VBA has enabled the transfer of responsibility for delivering the MBS function for these 332 buildings back to council, with the last building returned to council on 28 June 2024. The VBA's role related to this work is now in assisting council with queries in relation to these 332 buildings for the period the VBA was MBS.

## Establishment of dedicated consumer, systems and improvement business unit

In response to the VBA's Trusted Regulator Program and broader reforms that focus on putting consumers first, the VBA established a new best practice framework for the management of complaints about the VBA. The objective of the Consumer, Systems and Improvement business unit is to utilise best practice complaints management to more effectively and efficiently manage complaints about the VBA's service and thereby improve service delivery.

Equipped with a specialised team to manage more complex complaints, this business unit acts as a critical link between VBA divisions and managed more than 400 complaints during the year.

## Spotlight on: Improving how the VBA manages complex complaints

The VBA has improved how it manages complex complaints to improve consumers' experience in the building system. These two case studies illustrate examples of the VBA's work in this area.

A consumer contacted the VBA because they had purchased a caravan which had recently failed a gas check due to non-compliant plumbing work. He had been referred to the VBA as the caravan was purchased in Victoria. As part of lodging the complaint, the complainant was advised he would need to identify the installing plumber, not just the caravan company and the complaint was closed.

An internal review identified concerns as the consumer had been asked to provide these details when they would not be able to do so. Consumer, Systems & Improvement led engagement with relevant VBA business units to reopen the matter, contact the caravan company in an attempt to obtain these details, and when not provided, initiate an investigation on whether or not a licensed plumber had been used to carry out the works.

## VBA Call Centre

The VBA's Customer Experience Team (CXU) implemented a new omni-channel enquiry system in May 2023. This system has enabled the CXU to re-design how it services the enquiries of practitioners and consumers, in addition to providing comprehensive reporting and analytics. It also enables the VBA to enhance our consumer experience by measuring consumer sentiment.

From July 2023 to June 2024, the CXU team handled 156,273 enquiries. Of those enquiries, 121,894 were phone calls and 34,379 were emails. On average, 25 per cent of calls were answered within 150 seconds, while about one-in-five callers chose to receive a callback rather than wait in the telephone queue.

After the new system became embedded, the email processing wait time reduced from 45 business days, to less than two business days. Since December 2023, the omni-channel system has provided analytics about the types of enquiries received by the VBA by consumers and practitioners. A vast variety of enquiry types were received by the VBA, which has helped inform our communications activities and broader regulatory approach. Among the most popular enquiry topics included practitioner capability, fire safety, and product safety.



## Practitioner Education

In 2023-24, VBA technical and subject matter experts hosted 10 webinars as part of the Practitioner Education Series, attended by almost 8,000 practitioners with 16,000 YouTube views post publication. The webinars supported industry by providing practical insights, evidence-based strategies and useful resources, with a particular focus on addressing new requirements related to the adoption of the National Construction Code 2022.

Seven building webinars and three plumbing webinars were broadcast and published. Data from the VBA's Technical and Regulation phone and email enquiries, Audit and Inspections and Compliance and Enforcement activities were used to identify key themes that cause harm to the built environment. The VBA also leveraged the expertise of its industry Education Resource Working Groups to inform its webinar agenda, which included 19 diverse stakeholders.

More practitioners accessed the VBA's on-demand webinar content, with a 230 per cent increase in the number of views of the VBA's webinars year-on-year. Sixty per cent of practitioners surveyed indicated a preference for viewing webinars on-demand rather than live.

Survey data obtained by the VBA following this year's 10 webinars indicated that 91 per cent of respondents would join a webinar again, and 85 per cent said they were satisfied with the content presented. Respectively, these figures are two and four per cent higher than a year ago, indicating the VBA is delivering purposeful content to our audiences.

The VBA made a concerted effort to continuously improve industry engagement with its education resources. The Building and Plumbing Education Resource Working Groups are pivotal to the success of the VBA's education program, with members offering guidance and feedback about topics and information presented. In 2023-24, the two groups met on 11 occasions, with five new members added, which included four new organisations.

As part of their remit, the Working Groups actively approached the VBA to request additional education resources on 10 occasions. This led to the development of two webinars – Condensation Management and Livable Housing, as well as the development or review of relevant Practice Notes.

To allow practitioners to keep pace with industry change, the VBA published or reviewed 49 Practice Notes in 2023-24. These included updates to 24 Building Practice Notes and 25 Plumbing Practice Notes. The VBA continued to alert practitioners to recently reviewed or newly published Practice Notes via direct email and promoted their publication in VBA newsletters.

During the year, VBA Technical and Regulation experts responded to more than 29,000 telephone and email enquiries from practitioners, a 17 per cent increase compared to last year. This demonstrates a strong appetite for the advice provided by VBA experts, to assist practitioners with remaining compliant with the Act and relevant Regulations.

# Spotlight on: Building Surveyors Conference

On 16 August 2023, the VBA hosted its fifth annual Building Surveyors Conference. Attended by more than 600 building surveyors and practitioners, the conference saw industry leaders, innovators, and thinkers converge to navigate the complex landscape of our rapidly evolving sector.

The agenda was packed with thought-provoking sessions on a diverse range of topics, including improving building health, new approaches to risk management, assessing the effectiveness of co-regulation, updates on building reform, and a presentation on the Building Manual.

The conference featured newly-appointed VBA CEO, Anna Cronin, and the State Building Surveyor, Andrew Cialini, in addition to many other industry and subject matter experts.



**Andrew Cialini**  
State Building Surveyor  
Victorian Building Authority



**Chris Webb**  
Executive Leader  
Regulatory Advisory  
Services

**Wayne Liddy**  
Vice President and  
Board Director Victoria  
AIBS



**Claire Noone**  
Principal  
Nous Group

## NCC implementation and associated activities

The National Construction Code (NCC) sets out the requirements for the design and construction of a building or structure in Australia, including plumbing and drainage work. It sets the minimum required level for the safety, health, amenity, accessibility and sustainability of certain buildings.

The Australian Building Codes Board (ABCB) produces and maintains the NCC on behalf of state and territory governments.

Updates generally occur every three years, with NCC 2022 being published on 1 October 2022 and partly adopted in Victoria on 1 May 2023.

NCC 2022 included a transition for energy efficiency, livable housing and condensation management with Victorian adoption of these provisions on 1 May 2024.

The VBA prepared our people and building and plumbing practitioners for these significant amendments. Guidance materials that assist practitioners to better navigate these requirements were published and shared with practitioners and consumers ahead of their adoption in Victoria.

In 2023-24, the VBA undertook several initiatives to educate practitioners about NCC 2022.

These included:

- Engaging with registered training organisations to update their course and exam content to reflect NCC 2022 changes.
- Providing regular updates to practitioners about NCC 2022 and its adoption dates via industry alerts, Technical Bulletins and VBA Mail.
- Promotion of NCC 2022 information from the ABCB, in addition to useful handbooks and guidance material.
- Contribution to industry-led NCC seminars.
- Updated Practice Notes to reflect NCC 2022 changes.
- Consultation with industry via the Education Resource Working Groups, to ensure the VBA's education activities were fit for purpose.
- Developed and hosted Practitioner Education Series webinars related to:
  - o Introduction to Condensation Management NCC 2022.
  - o Livable Housing NCC 2022.
  - o NCC 2022 Energy Efficiency Volume 1.
  - o NCC 2022 Energy Efficiency Volume 2.

## Addressing the harm caused by water

During 2023-24, the VBA prioritised addressing harm caused by inadequate waterproofing and weatherproofing, as this is one of the VBA's regulatory priorities and is known to be a source of high compliance risk.

The VBA focused on this area of non-compliance to better equip practitioners with the knowledge and skills required to build compliantly and provide confidence to consumers that practitioners are doing the right thing.

The VBA collaborated with the Department of Transport and Planning (DTP) to provide insight, expertise, and recommendations for potential reforms to the inspection regime for high-risk areas where water ingress and waterproofing defects may arise.

To address the impact of poor design, construction, and the inappropriate use and installation of materials and products has on waterproofing non-compliance, the VBA coordinated an industry-led publication, the Design Documentation Practice Guide. This Guide is intended to tackle issues of poor documentation and detailing to help inform better construction outcomes. This includes detailing of waterproofing and weatherproofing, with a particular focus on apartments, or Class 2 buildings in the first instance, but will evolve to capture other building classes. The VBA worked alongside numerous industry stakeholders to develop the Guide. Participants included: the Australian Institute of Architects (AIA), the Australian Institute of Building Surveyors (AIBS), the Architects Registration Board of Victoria (ARBV), the Association of Consulting Architects Australia (ACA), and Design Matters National (DMN). The Guide was launched in August 2024 and was well received by industry.

To uplift practitioner competency in the areas of waterproofing and weatherproofing, the VBA's Capacity and Capability team developed, reviewed, and updated relevant Practice Notes that are made available through the VBA website to communicate best practice in this area and reflect any changes related to NCC 2022. The VBA also hosted a Practitioner Education Series webinar that focused on condensation management in buildings. Targeted at the building industry, this webinar provided practitioners with an overview of the condensation management provisioned adopted on 1 May 2024 as part of NCC 2022.

In February 2024, the VBA issued an industry alert focusing on the correct installation practices for metal roofing in conjunction with roof sarking, as per the NCC 2022 and bushfire requirements outlined in AS 3959. This alert highlights the critical need for effective condensation management to prevent water ingress issues, aligning with the VBA's commitment to ensuring compliance with the latest building standards.

Additionally, through case studies and engagement with industry stakeholders, the VBA communicated the importance of installing pressure limiting valves in high water pressure scenarios, aiming to educate and enforce practices that safeguard properties from water-related damage and enhance the overall integrity and safety of constructions in Victoria.

The VBA provides input to three current Australian Building Code Board (ABCB) Building Code Committees (BCC): Waterproofing, Weatherproofing and Condensation. The three BCCs include and collaborate with manufacturers, suppliers and building associations to address and close gaps in knowledge and practice. The VBA also participates in regulator reviews and oversight through the Technical Review Committees (TRGs) of the three BCCs.

The VBA's Principal Structural Engineer, Dr Baher Zaghlool, is representing the VBA on the BCC for Weatherproofing and Condensation and collaborating with the BCC for Waterproofing. Dr Zaghlool is also a member of the three-person Technical Review Group of Weatherproofing, drafting NCC 2025 provisions for weatherproofing and partakes in the development of the ABCB Handbooks on Weatherproofing and Condensation Management.

## Communications & Media

Aligned to the organisation's ongoing commitment to enhance the practitioner and consumer experience, the VBA's Communications & Media business unit implemented robust measures to improve the volume, scope and reach of its proactive and reactive communications to key audiences. The VBA website continued to be a crucial touchpoint for practitioners and consumers. Visits to the VBA website increased by more than 700,000 to 4.9 million in 2023-24. Some of the most viewed content related to registration and licensing, the Find a Practitioner tool, and home renovation information. The VBA website also served as the key source of information for consumers impacted by builder insolvency and domestic building insurance issues.



The VBA's flagship newsletter, VBA Mail, reached more than 65,000 practitioners and subscribers through five editions this year and featured news and updates from across the organisation. The VBA revamped its approach to its Technical Bulletins in the second half of the year to ensure the complexity and depth of content presented was reflective of the VBA's technical knowledge and expertise. This resulted in a significant increase in engagement and open rates, with seven separate Building and Plumbing Technical Bulletins averaging a 60 per cent open rate. In addition, the VBA issued 236 separate external communications, which included industry alerts, webinar and event invitations.

The popularity of the VBA's social media channels surged with almost 10,000 more people following the VBA through LinkedIn, Facebook and Instagram. During the year, the VBA launched targeted educational campaigns to empower consumers with valuable insights and resources related to understanding the building system and its insurance requirements. Harnessing the technical expertise of our people, the VBA published several videos outlining common non-compliances and how to remedy them, which was met with significant engagement and positive feedback from industry.

## Research at the VBA

The VBA has a statutory function to conduct and promote research relevant to the regulation of the building and plumbing industries.

The VBA's Research Program is a key strategic platform that provides the evidence to inform the VBA's regulatory decisions and influence improvements to the building regulatory system. The VBA's Research Program supports the VBA's [Regulatory Policy Statement](#) in delivering improved consumer outcomes in Victoria, and research undertaken is oriented towards VBA's regulatory priorities so the VBA is better equipped to target specific harms.

Through research projects and collaborations over the last five years, the VBA's research network has expanded to include over 55 research institutions, government, and industry partners.

Reducing water ingress and moisture damage in buildings and exploring technological innovations to deliver safer and well-built buildings were focus areas for VBA research in 2023-24.

Research program activity underway in 2023-24 included ten different research projects, which are detailed in this report.

## Research Grant Program

Since its inaugural Research Grant Program in 2021-22, the VBA has undertaken a second round of the Research Grant Program in 2022-23 and launched its third round in February 2024 for commencement in 2024-25.

The third round of the Research Grant Program invited researchers at Australian educational institutions to apply for grants of financial and/or in-kind support for research focused on better protecting consumers and building occupants from the most significant harms in the built environment. The VBA requires applications to align with our [Regulatory Priorities](#) or to support identifying and addressing new or emerging harms through the use of products, materials, practices, or technologies.

Twenty-one applications were received from 11 Australian universities for the 2024-25 year. Decisions on successful applications have been made with grant recipients expected to commence their research from September 2024 onwards.

# Spotlight on: Minimising water ingress and improving building health

Many Australian homes suffer from excessive dampness and indoor mould. This can be exacerbated by inadequate or poor design, poor construction practices, and poor maintenance practices resulting from lack of awareness and knowledge in the construction industry and by building occupants. Mould can be caused by excessive presence of water within a building component (such as an external wall or roof) through defective building work, due to extreme events (such as flooding) or internal leakages from plumbing services, or condensation issues being caused by design and construction practices.

Moisture and mould in buildings is linked to negative impacts on human health and amenity, as well as building structural integrity.

[Water ingress](#) is one of the VBA's regulatory priorities. The VBA continues to take action to reduce the risk of consumer harms from water ingress and water damage through its regulatory interventions.

The VBA has supported and is contributing to several research projects investigating new and innovative solutions to minimise water ingress and water damage in Victorian buildings. These projects will 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.

These projects are detailed in this report.

Through its research networks, the VBA has also connected leading academicians and researchers in the building and health areas with building practitioners and industry to help increase awareness of the impacts of moisture damage on health and wellbeing of building occupants.

VBA research was the focus of the [Improving Building Health](#) panel discussion at the 2023 Building Surveyors Conference. This segment showcased the latest research on health and safety in the built environment. Facilitated by Bronwyn Weir, the panel comprised Dr Tim Law and Dr Nicole Johnston discussing insights from their [VBA-supported research](#), Professor Rebecca Bentley discussing research into healthy homes and Dan O'Brien of Cladding Safety Victoria discussing [balcony defects and water ingress issues](#) identified through the Cladding Rectification Program.

## Safer building and plumbing work with fewer major defects

### Assessment of mould growth risk in regulatory compliant 6 and 7 star new homes in Victoria

#### What we did and why

The VBA supported research by the University of Tasmania through a research grant to assess the risk of mould growth in external wall systems used in the construction of new housing in Victoria. The research, led by University of Tasmania's Dr Mark Dewsbury, was awarded in 2021 and completed in December 2023. It is expected to be released in the second half of 2024.

The research is an international and national collaboration between UTAS, the VBA, [Commonwealth Scientific and Industrial Research Organisation](#) (CSIRO) (Australia), [Fraunhofer Institute of Building Physics](#) (Germany) [the equivalent of the CSIRO in Australia], [Master Builders Victoria](#) and [Forest and Wood Products Australia](#).

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.

Increased energy efficiency requirements have led to the construction of 'airtight' buildings. This, combined with a lack of appropriate ventilation, can trap water vapour in building envelopes. Condensation in homes can cause mould growth, structural failure and serious health issues for occupants.

#### What we found

The research analysed 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 (under NCC 2019), and a 7-star energy rating (under NCC 2022).

Using WUFI (WUFI Pro and WUFI VTT) software<sup>21</sup>, the research conducted 4,310 hygrothermal<sup>22</sup> and 4,310 bio-hygrothermal<sup>23</sup> simulations to assess moisture accumulation and mould growth in nine external wall systems for a 10-year period post-construction.

The research identified:

- no concerning moisture accumulation in the simulated external walls from the hygrothermal analysis.
- many southern orientated external walls indicated higher mould growth risk in the bio-hygrothermal analysis because of the climatic conditions and properties of the wall systems.
- wall systems performed better under NCC 2022 compared to NCC 2019 requirements due to expanded requirements for vapour permeable membranes in external walls (i.e. between the cladding system and timber frame).

The research tested and identified enhancements that could be made to external wall systems commonly constructed in Victoria. The research found that mould growth risk can be reduced by:

- further increasing the vapour permeance properties of the weather resistive pliable membrane in external wall systems.
- adding a vented and drained cavity between the cladding system and the weather resistive pliable membrane layer.
- adding a water vapour control pliable membrane to the interior side of the insulation layer (between plasterboard lining and timber frame).
- a combination of these to provide the most robust external wall system with lowest mould growth risk.

<sup>21</sup>Wärme Und Feuchte Instationär (WUFI) software is developed and owned by the German Fraunhofer Institute of Building Physics (a contributor to this research). The WUFI software has undergone empirical validation in Europe, United Kingdom, Canada, and the United States of America. The WUFI VT software add-on allows the graphing of data about mould and corrosion risks.

<sup>22</sup>Hygrothermal analysis evaluates the risk of condensation formation by studying heat and moisture movement within built spaces, and the diffusion of moisture and water vapour through the built fabric.

<sup>23</sup>Bio-hygrothermal analysis evaluates the risk of mould growth within the built fabric by incorporating assessment of transient hygrothermal boundary conditions (e.g., temperature, humidity, and substrate material) against the growth conditions for typical moulds found on building materials.

The research results for the first two enhancements (increased vapour permeance of the external membrane and a vented and drained cavity) support the proposed changes to NCC 2025 that are currently under consideration. The inclusion of an interior vapour control layer is an added enhancement not yet considered for inclusion in the NCC.

The research also recommended further research including:

- simulation-based research on enhancements to the clay masonry external wall system to reduce mould growth risk, as this type of external wall system showed poorer than expected results.
- more complex simulations that assess the effects of intermittent conditioning on hygrothermal simulation results for climates in southern Australia (including Victoria).

### **What difference this made**

The research adds to the body of knowledge and evidence base to help inform policy and regulatory decisions, including future changes to the NCC and guidance for Victorian practitioners. This will help better manage the risk of mould growth in future new homes.

We shared the research with the Australian Building Codes Board (ABCB) and other government policy makers. The research findings support the next phases of mitigation measures being considered by the ABCB for inclusion in NCC 2025.

The research has informed the VBA's response and input into the Victorian position on the proposed condensation mitigation measures in NCC 2025.

Since 2016, the ABCB has been developing mitigation measures to reduce condensation and mould growth risk in buildings. Implementation of these measures has been phased to ease the burden on industry and the community.

NCC 2019 introduced the first stage of these changes – minimum vapour permeance membranes (Class 3) for external walls in climate zones 6, 7 and 8. NCC 2022 introduced the second stage of changes with higher value vapour permeance membranes (Class 4) for external walls in climate zones 6, 7 and 8, and minimum vapour permeance membranes (Class 3) in climate zones 4 and 5.

The third stage of [changes proposed for NCC 2025](#) – drained and vented cavity for external walls in climate zones 6, 7, and 8 (in addition to the higher value vapour permeance membranes), and a combination of drained and vented cavity for external walls and/or vapour permeance membranes in the other climate zones – are currently under consideration by the ABCB after public consultation.

The third stage of proposed changes are consistent with the findings of the University of Tasmania research. [ABCB impact analysis](#) shows significant overall benefits of the proposed changes for tropical (climate zone 1) and cooler climates (climate zones 5-8).

The research is also an input into and supports [research by the University of Sydney](#) (also supported through a VBA research grant) to increase the resilience of external building envelopes to moisture damage. The latter research will further add to the body of knowledge to improve the design, construction, and maintenance of building envelopes through details such as building corners, thermal bridges, balconies and wall/roof intersections.

The VBA has published a consumer safety guide on its website to help consumers understand the causes of condensation, mould growth risk, and dampness in their homes. The safety guide sets out simple steps that consumers can take to reduce mould risk in their homes and to protect their property and health. The guide is available at: [vba.vic.gov.au/consumers/guides/water-ingress-balconies,-decks-and-terraces](http://vba.vic.gov.au/consumers/guides/water-ingress-balconies,-decks-and-terraces)

## Examining disputes about moisture ingress and indoor mould in Victorian residential buildings (in progress)

### *What we are doing and why*

Water ingress and moisture damage routinely tops the list of issues in complaints to the VBA, claims to the [Victorian Managed Insurance Authority](#) (VMIA) and disputes to [Domestic Building Dispute Resolution Victoria](#) (DBDRV). Water proofing and drainage issues are commonly occurring areas of compliance risk the VBA identifies through the [Proactive Inspections Program](#) and [Plumbing Audit Program](#).

The VBA has partnered with DBDRV and Restoration Industry Consultants (RIC) to undertake research that expands the evidence base about moisture ingress and indoor mould in Victorian residential buildings. The research will include insights from analysis of applications to DBDRV for dispute resolution.

Led by Dr Tim Law from RIC, the research aims to:

- quantify the nature and extent of moisture ingress and indoor mould in Victorian residential buildings based on applications to DBDRV for dispute resolution.
- identify the causes and underlying factors contributing to the moisture ingress and indoor mould, and whether these are consistent with the findings of the scoping study.
- identify potential practitioner competency gaps, and opportunities to strengthen consumer protection through targeted regulatory interventions or reform to reduce the cause of moisture ingress and indoor mould.

### *What we have achieved so far*

This project commenced in 2023-24 and is due for completion in the first quarter of 2024-25.

This research follows the [Scoping study on the nature and extent of moisture damage in houses and apartments in Victoria](#) by Victoria University. The scoping study investigated the scale and frequency of moisture ingress and indoor mould and its causes based on domestic building insurance (DBI) claims accepted by the VMIA. It highlighted patterns and clusters of problems that provide insight into building and plumbing practitioner competency gaps and education requirements, and improvement opportunities for building design, certification, construction, legislation and regulatory oversight.

The scoping study was developed around a limited dataset of buildings that had been insured and claimed under the DBI scheme, and which was not representative of all residential buildings in Victoria.

Expanding the evidence base through this project to include analysis of disputes to DBDRV will provide broader insights into the extent, causes and opportunities to address moisture ingress and indoor mould in Victorian residential buildings.

## **Investigation of water leakage in residential apartment (concrete) balconies (in progress)**

### ***What we are doing and why***

The VBA is supporting research by Swinburne University of Technology through a research grant awarded in 2022 to undertake research to identify the causes of water ingress in concrete balconies in Class 2 buildings<sup>24</sup>, and opportunities for improvement to current regulations, standards and work practice in balcony design and construction to reduce or eliminate water ingress.

This research is a collaboration between the VBA, Swinburne University of Technology, and HIA and is being led by Swinburne University of Technology's Professor Shan Shanmugananthakumar (Shan Kumar).

The research aims to identify opportunities for improvement in the performance of concrete balcony build materials and construction methods (such as concrete mix design, falls and drains), identify different structural systems to limit balcony water ingress, and quantify the efficacies of waterproofing methods across the building lifecycle.

### ***What we have achieved so far***

The research commenced in January 2023 and is due for completion in the first quarter of 2024-25.

The research has sourced and analysed a rich diversity of qualitative data, from a systematic literature review, collection of practitioner expertise via an online survey (with 131 responses) and in-depth interviews (36 interviewees) across design engineers, architects, building surveyors, developers, waterproofing consultants and representatives from industry associations. The research has examined the practical application of balcony construction methods via case studies through eight stakeholder workshops with engineers, architects, builders and waterproofing contractors.

This research complements the research the VBA is already supporting or has conducted to minimise moisture ingress and water damage in Victorian buildings.

<sup>24</sup>A Class 2 building is a building containing two or more sole-occupancy units where people live above, beside or below each other. This class may also include single storey attached dwellings with a common space below, such as a carpark.

## Improving building envelope resilience to moisture damage (in progress)

### *What we are doing and why*

The VBA is supporting research by University of Sydney's School of Architecture, Design and Planning through a research grant awarded in 2022 to increase the resilience of external building envelopes to moisture damage. The research is being led by University of Sydney's Associate Professor Arianna Brambilla.

This project supports research that will find, or contribute to, new and innovative solutions to minimise moisture ingress and water damage in Victorian buildings.

The research aims to develop comprehensive recommendations for the design, construction and maintenance of climate-appropriate building envelopes methods in Victoria to increase the moisture resilience of the external building envelope. It includes both one-dimensional (standard) and two-dimensional hygrothermal analysis<sup>25</sup> of typical external building envelopes constructed in Victoria, including details such as building corners, thermal bridges, balconies and wall/roof intersections, with a particular focus on the placement and permeability requirements of vapour control layers in walls, roofs and floors, and air cavities in walls and roofs.

### *What we have achieved so far*

This research commenced in November 2022 and is due for completion in November 2025.

The research has developed a catalogue of standard construction build-ups for six different external wall systems and four roof types and has simulated iterations of those build-ups to assess resilience to moisture damage. The simulations assessed factors that influence mould growth rate including sensitivities of materials and ventilation rates within air cavities, and potential modifications to improve building performance.

The research has also investigated increased moisture scenarios to test the resilience of the catalogue of standard construction build ups to increased indoor humidity conditions and air tightness, and construction scenarios that allow water to penetrate and accumulate within the envelope (reflective of construction defects and ongoing conditions).

The research has developed a further catalogue of two-dimensional (2D) construction build-ups with the relevant construction details (i.e., wall-to-roof section, balcony, wall corners) where non-uniform sources of heat and moisture occur. The research will assess simulations to identify weak points that would compromise the hygrothermal performance of these 2D build-ups and provide further recommendations to improve building resilience to moisture ingress.

This research complements the research the VBA is already supporting or has conducted to minimise moisture ingress and water damage in Victorian buildings.

<sup>25</sup>Hygrothermal analysis assesses the risk of condensation formation by studying heat and moisture movement within built spaces, and the diffusion of moisture and water through the built fabric. Bio-hygrothermal analysis evaluates the risk of mould growth by considering heat \ and moisture conditions, combined with material properties, that may promote mould growth on the surfaces of and within wall, floor or roof systems.

## Skilled and competent practitioners

### Developing a Virtual Reality self-evaluation platform to reduce non-compliant building and plumbing work

#### *What we did and why*

The VBA supported research by RMIT through a research grant, for a proof of concept to develop virtual reality (VR) based inspection scenarios, and a platform for building and plumbing practitioners to use to self-assess risk of non-compliant building and plumbing work in their own projects. The proof-of-concept focused on inspection scenarios targeting the risk of moisture ingress and water damage in Victorian buildings.

This research grant was awarded in 2022 and supported research to improve practitioner competency and improve the quality of the built environment. The research was led by RMIT's Professor Ron Wakefield and Professor Peter SP Wong and completed in June 2024.

Many Australian homes suffer from excessive dampness and indoor mould. This can be exacerbated by inadequate or poor design, poor construction practices, and poor maintenance practices, resulting from lack of awareness and knowledge in the construction industry and by building occupants. Wet areas, water proofing and drainage issues are commonly occurring areas of non-compliance risk that are identified through the VBA's Proactive Inspections Program (PIP).

The researchers proposed to develop a novel approach to enable illustration of on-site building inspections through a mobile VR app. This would allow practitioners to be immersed in real building site inspection scenarios through VR technology, allowing them to identify and understand work that may be at risk of non-compliance with regulatory requirements and standards and how to rectify it.

#### *What we found*

The research delivered:

- the design and development of VR-based building inspection scenarios. 4K resolution 360-degree pictures and videos that illustrated building inspections under PIP, focused on areas that were likely to lead to moisture ingress and water damage, and captured on real construction sites for use in the VR app development.
- the design and development of a VR app. A VR app designed to allow practitioners to be immersed in building site inspection scenarios. The app guides users on how to self-evaluate whether their own work is at risk of non-compliance with regulatory requirements.
- the design and development of an online platform for building and plumbing practitioners to self-assess whether their own work is at risk of non-compliance with regulatory requirements. The app generates information to users to assist them to reduce non-compliant work.

#### *What difference this made*

The research successfully achieved its primary aim of developing VR-based building inspection scenarios and a platform for builders and plumbers to self-evaluate compliance risks. Despite being a proof-of-concept, it demonstrated the potential of high-fidelity, user-friendly VR models to enhance self-regulation and quality assurance by improving practitioners' understanding of compliance risks.

The research demonstrates that the VR-approach may enrich practitioners' knowledge of non-compliance risks and offer a flexible, economical training alternative. Aligning with existing regulations, the project complements traditional in-person inspections and promotes proactive self-evaluation.

The proof-of-concept VR app and platform is a starting point for exploring the development of VR-based training and education programs for building and plumbing practitioners that will assist them to self-evaluate their own work, reduce non-compliance and increase consumer confidence in the built environment. This initiative also can complement the VBA's Practitioner Education Series webinars by offering an alternative learning environment.

## Technologically advanced and innovative industry

### 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 Commonwealth Government.

Building 4.0 CRC commenced in 2020-21 and aims to address long-standing 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 research 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 the CRC, the VBA is working closely with industry and research leaders who have advanced digital and technological expertise.

### Evaluation of emerging technologies for remote inspection of building work

#### *What we did and why*

The VBA supported research by Monash University and the University of Melbourne through [Building 4.0 CRC](#), to review best practice remote inspection practices, evaluate emerging technologies that enable remote inspection of building work, and develop a guideline for the effective implementation of suitable technologies for remote inspections of building work.

Inspections of building work during construction play a crucial role in ensuring compliance, safety and quality within the construction industry. The advancement of technology offers an exciting opportunity to enhance inspection processes. Integrated with conventional inspection practices, these innovative approaches have the potential to enhance efficiency, safety and record keeping while addressing industry challenges such as the shortage of building surveyors and transparency issues.

While inspections of building work at mandatory notification stages during construction are required to be conducted in-person in Victoria, there exists scope for non-mandatory inspections (including the VBA's compliance and assurance inspections of building and plumbing work) to be complemented by emerging technologies.

Led by Monash University's Dr Yihai Fang and jointly funded by the CRC and industry partners (VBA, VMIA, Sumitomo Forestry and Salesforce), the research investigated the effectiveness and suitability of technologies for remote building inspections as these are not fully understood and have not been rigorously evaluated. This [research project](#) was completed in 2023-24 and published in November 2023 by Building 4.0 CRC.

#### *What we found*

The research reviewed the regulatory context in which inspections of building work occur in Victoria and identified several legislative limitations to the use of inspection technologies for regulatory purposes.

The research confirmed that in Victoria, inspections of building work at mandatory notification stages must be conducted by the Relevant Building Surveyor (RBS) or their authorised delegate 'in person'. The research identified that while the legislation provides for use of a range of supporting technologies for some types of inspections, the manner in which those technologies are described has not kept pace with actual advancements in the technologies themselves.

The research confirmed that there is no legislative requirement for compliance and assurance inspections such as those undertaken by the VBA to monitor and, if necessary, enforce compliance with statutory requirements and to assure the safety of building work, to be carried out 'in person'. The research identified that the current technology landscape offers ample support for a wide range of inspection tasks to be undertaken remotely or to complement in-person inspections. Benefits of remote inspections identified include the potential to make the inspection of building work more efficient, more effective and safer. Risks identified include incorrect or faulty technology, or incorrect use of technology, potential conflicts of interest, and risks to data provenance.

The research concluded that governments should support the use of remote and like technologies to complement inspection processes at mandatory notification stages during construction, and provide an appropriate policy, regulatory and governance framework that ensures benefits are realised and risks mitigated. Stakeholders who participated in the research generally hold a positive and receptive attitude toward technology-assisted remote inspections. However, concerns do exist regarding conflicts of interest, costs, and operator competency.

Informed by stakeholder engagement, regulatory analysis, technology assessment, and field trials, the report makes several recommendations including:

- The regulatory framework be amended to permit the use of technologies for remote or assistant-based inspection of building work at mandatory notification and other stages during construction.
- The use of remote, assistant-based, and other inspection enhancing technologies be supported within an appropriate policy, regulatory and governance framework that ensures benefits are realised and risks are managed. The key elements of this framework should cover: (a) when a remote inspection can be conducted, (b) who decides to conduct a remote inspection, (c) what technology should be used, and (d) who can use the technology.
- Inspections of building work at mandatory notification stages should be conducted by the RBS (or their authorised delegate) in-person and on-site *unless* the use of remote or assistant-based inspection technologies can be shown to be more effective, efficient and/or safe. The research did not evaluate the relative performance of remote inspections and in-person inspections in terms of effectiveness (thoroughness and accuracy), efficiency, and/or safety. Further research is required to undertake this evaluation.
- A multi-factorial tool should be developed to guide decision-making on the use of remote and assistant-based inspections, and the selection of suitable technologies matched to site and inspection stage and elements.

### ***What difference this made***

Outcomes from this research are expected to guide the implementation of technologies and workflows for technology-assisted inspections of building and plumbing work, and inform skills, training and education needs to support the deployment of proposed methods and workflows (e.g., higher education and VET sector training).

The research has been shared with government stakeholders to inform future legislative reform opportunities on how technology-assisted inspections could be conducted in an effective and rigorous manner. The research will inform consideration of the use of emerging technologies to support the VBA's regulatory oversight programs (e.g., through both PIP and PAP).

## Scoping study for building the future – circular economy (in progress)

### ***What we are doing and why***

With construction and demolition materials accounting for 44 per cent of all waste generated in Australia and the building sector's energy consumption and CO2 emissions at a record high, the move to a circular economy presents a significant opportunity for positive change.

Given the complex socio-political and economic factors at play, and the potential competing needs of key stakeholders, this scoping study will form a solid foundation on which to plan the necessary steps and actions to enable the transition to a circular economy.

The research, led by Queensland University of Technology's (QUT) Professor Leonie Barner, will provide a roadmap for the Australian property and construction industry to create a circular economy, which covers the end-to-end management of construction materials by maximising resource productivity and minimising or eliminating or reusing construction waste.

### ***What we have achieved so far***

This is the first project under the Building 4.0 CRC's Special Interest Projects (SIP) Program. SIPs have a topic of broad, mutual concern to all Building 4.0 CRC partners and allow for collaboration and accelerated execution of the project.

This [research project](#) commenced in June 2023 and is due for completion in the first quarter of 2024-25.

## Future of construction education (in progress)

### ***What we are doing and why***

As new paradigms and technologies emerge for the design and delivery of buildings, there is an increasing gap between the capabilities, skills, and approaches to present-day education in the fields of construction management, building surveying, design, and skilled trades. Research identifies that new sets of skills are required for the implementation of digital modelling, data analysis and automation. Similarly, the development of sustainable cities requires a focus on skills and competencies related to green building practices, energy efficiency, and the use of renewable resources.

In Australia, there is an emerging range of building industry actors who are delivering built environment infrastructure using prefabrication, digitalisation, and automation. As the construction sector continues to shift towards adopting this paradigm, a gap between present training, education and continuing education is evidence. The gap is also present in areas such as certification, regulation, manufacturing, supply chain management and accreditation. New educational approaches and programs are needed to address these issues.

The VBA is supporting research by Building 4.0 CRC, Monash University and the University of Melbourne to contribute to the body of knowledge on the future skills required for the building and construction industry, and the role of technology and automation in meeting those skill demands.

The research will provide valuable insights for higher education institutions in the development of contemporary, forward-looking industrialised construction degrees, and will have broader implications for workforce development in the building and construction industry highlighting the skills and training required to meet the industry's changing landscape.

Building 4.0's Professor Chris Knapp is leading the research along with Dr Priya Das and Dr Siddhesh Godbole. The project is jointly funded by Building 4.0, VBA and industry partners Holmesglen Institute, A.G. Coombs, Fleetwood Australia, Lendlease Digital, Nexans, Sumitomo Forestry Australia, and Master Builders Association of Victoria.

### ***What we have achieved so far***

This [research project](#) commenced in February 2024 and is due for completion in 2024-25.

The research team through close engagement with partners, has been developing content for a proposed bachelors' degree that is structured to better meet the skills demands of the future. Once developed, the research team will seek engagement with the Tertiary Education Quality Standards Authority.

## **Accelerating Building 4.0 CRC research translation and impact (in progress)**

### ***What we are doing and why***

Building is one of the largest sectors of today's global economy, so it is essential that the building industry benefits from the latest research findings and new knowledge created through rigorous research initiatives. To enable industry to co-create and draw on Australian research and technology, and for the Australian research ecosystem to engage with industry to conduct research, both sectors must upskill their researchers and industry professionals in collaboration, engagement and adoption of innovations across sectors.

The capability gaps for researchers and industry professionals increase the difficulties of adopting and translating research into industry impact and industry outcomes. They also hinder effective translation and investigation of industry problems in research projects.

The VBA is supporting research by the Building 4.0 CRC and the University of Melbourne to investigate the capability gaps that impact effective collaborations between researchers and building industry leaders for producing sector-level changes.

This research project aims to support the CRC's vision of developing a thriving Australian advanced manufacturing sector by enabling industry to direct and draw on Australian research through a scalable methodology that upskills researchers and industry professionals in collaboration, engagement and adoption of innovations. As part of this project, two professional development programs will be available for Building 4.0 CRC researchers and industry partners.

The University of Melbourne's Associate Professor Niharika Garud is leading the research. The project is jointly funded by the Building 4.0 CRC, Cruxes Innovation, VBA and industry partners A.G. Coombs, BlueScope Steel, Sumitomo Forestry Australia and Master Builders Association of Victoria.

### ***What we have achieved so far***

This [research project](#) commenced in December 2023 and is due for completion in 2024-25.

Building 4.0 CRC researchers and project leaders from research partners including the VBA have undertaken the professional development program (Trek) delivered by Cruxes Innovation. This professional development program has given participants a methodology to validate the pathways to adoption of research and translation of research to maximise impact. A similar professional development program has also been developed for early career researchers that provides a set of tools and a framework to plan for impactful research by engaging with industry, government and end-users.

Feedback from participants of these programs will be used by the research team as input into the final research report.

## Regulatory reform for industrialised construction (in progress)

### *What we are doing and why*

The construction industry is moving towards more industrialised practices, including offsite manufacturing and assembly of building components that are transported to site for installation. However, current regulation may not be well-suited to accommodate these industrialised practices.

The VBA is supporting research by QUT through Building 4.0 CRC, to investigate and make recommendations for regulatory reform to ensure that the benefits of industrialised construction can be realised while ensuring that consumers and building occupants enjoy a safe and quality built environment.

The research aims to build on insights from previous research by Swinburne University of Technology (October 2022) on the regulatory environment for off-site construction. It seeks to identify how to improve current regulations to accommodate various industrialised practices, and how to 'future proof' regulations for future innovations. This will be achieved through reviewing current regulations, considering new technologies, proposing standardised certification processes, and considering how proposed reform remains relevant in a changing environment.

Emeritus Professor Perry Forsythe and QUT's Dr Sara Omrani are leading the research. The project is jointly funded by Building 4.0 CRC, VBA and industry partners A.G. Coombs, Fleetwood, Lendlease Digital Australia, Standards Australia, Sumitomo Forestry Australia and Master Builders Association of Victoria.

### *What we have achieved so far*

This research project commenced in November 2023 and is due for completion in 2024-25.

The [research project](#) has gained interest and support from the Australian Building Codes Board in response to the Building Ministers' call for growth in the use of prefabricated and modular construction to support the National Housing Accord.

The VBA has invited the Victorian government through the Department for Transport and Planning to participate in workshops held by Building 4.0 CRC to explore key challenges and solutions to regulatory pathways for industrialised construction. The VBA also hosted a dedicated workshop with researchers from Building 4.0 CRC and plumbing industry stakeholders to discuss concerns, challenges and potential regulatory solutions for plumbing prefabricated components and assemblies.

## Quality and Regulatory Practice

In 2023-24, the VBA's Quality & Regulatory Practice team continued their focus on process improvement. Key achievements included:

- An expansion of the knowledge management system across VBA.
- The development and documentation of 31 process user guides for the new Licencing and Registration System (LRS) and an updated Quality Assurance Program to support the successful implementation of the LRS.
- The evaluation and documenting of nine core processes for plumbing licensing and the standardisation of 37 plumbing exams, in addition to streamlined practitioner identification requirements for first point-of-contact of building and plumbing applications.

To streamline business processes, the VBA continued to uplift its organisational policies to deliver a more refined governance model that promotes efficient review, endorsement and publishing of this information.

Recognising the complexity within the VBA's Regulatory Operations division, a detailed end-to-end process mapping project culminated in the publication 40 process maps, with a particular focus on practitioner and consumer centric activities to advance the VBA's service model.

To keep the organisation up-to-date with key changes and emerging issues, 184 operational communications were issued.

To strengthen the security of the VBA's intellectual property and collateral, six security and access control audits on the VBA's primary document management system (DMS) were undertaken. This included recommending and delivering a DMS upgrade to the latest version, which features enhanced protection parameters. The VBA's Records Management team also sanctioned the destruction of more than 10,500 hard copy archive records as part of its Public Records Office of Victoria (PROV) obligations, which resulted in a reduction in the physical footprint of this expired content.

## Diversity, Equity & Inclusion at the VBA

The VBA is proud of its diversity, equity, and inclusion initiatives that aim to make the organisation a workplace where every voice is valued and heard. Through targeted policies, programs, and celebrations, the VBA has fostered a culture that celebrates our differences and what makes our people unique. This is reflective of the Victorian community we live and work in.

### Recognising the LGBTQIA+ community

During 2023-24, the VBA undertook numerous initiatives to support the LGBTQIA+ community. These included acknowledging and raising awareness about Wear It Purple Day (WIPD), Pride Month and International Day Against Homophobia, Biphobia and Transphobia (IDAHOBIT) Day. Some highlights from the VBA's activities included:

- In August 2023, promoting awareness and educational resources on WIPD. An All-Team event saw VBA people celebrate this year's theme, *Write your story*, which aimed to encourage young people to embrace their unique perspectives and openly share their stories with others.
- Partnering with not-for-profit LGBTQIA+ youth organisation Minus18, our people dressed in purple and listened to a WIPD keynote video that provided a background on the day and raised awareness of the challenges faced by the LGBTQIA+ community.



## Celebrating our cultural diversity

The VBA continued to prioritise delivering regular information and updated educational resources on cultural awareness through its dedicated Intranet page. The VBA believes that understanding and respecting cultural diversity enhances teamwork, innovation and our relationships with key stakeholders and consumers. To allow our people to support reconciliation and NAIDOC efforts, a dedicated online community has been established that is enriched with a comprehensive library of resources for our people to watch, listen to, read, and engage with. This is intended to foster a deeper understanding and ongoing commitment to cultural awareness and reconciliation within our organisation.

In July 2023, the VBA acknowledged and celebrated NAIDOC Week during an All-Team event where our people learned more about the cultures, histories and achievements of Aboriginal and Torres Strait Islander peoples.

## Promoting gender equality

At the VBA, we are committed to creating an organisation where all individuals, regardless of their gender identity, have equal opportunities to thrive and succeed. This commitment is reflected in our policies, from recruitment and hiring practices that promote diversity, to leadership development programs that empower our people.

In 2023-24, the VBA made meaningful progress in meeting the workplace gender equality measures as set out in the Gender Equality Action Plan (GEAP). In February 2024, the VBA submitted its first progress report to the Commission for Gender Equality in the Public Sector detailing the activities and outputs delivered in line with its GEAP objectives. Some of the key GEAP highlights included:

- Undertaking modifications of existing systems to allow intersectionality data to be collected and analysed at the VBA.
- Organisation-wide communications training was delivered, which resulted in the development and implementation of the VBA's Communications Charter.
- Comprehensive pay equity analysis undertaken by job grade revealed that, whilst small, the pay gap excluding executives is in favour of females.
- An increase in the percentage of women recruited to the VBA in the 55-64 age group and an increase in the number of both women and men recruited to the VBA over the age of 65.
- Enhanced leave and flexibility options for all VBA employees, irrespective of gender.
- An established and maintained 50/50 gender balance at the executive level.

## New appointments

### ***Ms Nicole Swift – Executive Director, Communications and Media***

In December 2023, Nicole Swift was appointed to the role of Executive Director, Communications and Media within the Corporate Services Division after originally joining the VBA in June 2023. Ms Swift's role entails the development and implementation of a comprehensive and impactful communications strategy with consideration of the VBA's overarching goals, values, and objectives. Ms Swift's portfolio encompasses the implementation of high-quality communications traversing various channels, catering to both internal and external stakeholders. To excel in her role, Ms Swift draws upon her wealth of experience, strategic acumen, and advanced relationship management skills.



### ***Mr Mark Kealy – Executive Director, Change and Reform***

In December 2023, Mark Kealy was appointed as the Executive Director of Change and Reform after originally joining the VBA in June 2023. Mr Kealy is tasked with spearheading organisational change and transformation initiatives aimed at optimising efficiency, effectiveness, and adaptability. Additionally, Mr Kealy is responsible for overseeing the design and implementation of significant regulatory reform projects within the VBA and is entrusted with leading the Reform Management Office, a specialised team within the Strategy, Assurance, and Reform division.



### ***Ms Marg Burge – Chief People Officer People & Capability***

In February 2024, Marg Burge was appointed to the role of Chief People Officer within the People and Capability Division. Ms Burge is a highly motivated and enthusiastic leader, overseeing numerous teams in the People and Capability division including Health Safety and Wellbeing, People Experience and Capability, People Partnering, Talent Acquisition, and Payroll. Ms. Burge plays a crucial role in advancing the VBA's People Strategy by offering modern and insightful solutions and counsel to the Chief Executive Officer, Executive Leadership Team, and the wider organisation. Ms. Burge brings a wealth of experience to the VBA, leveraging her executive-level Human Resources expertise and track record of cultivating high-performing teams through vibrant organisational cultures.



## Flexibility and hybrid working

The VBA continued to prioritise flexibility in our ways of working, extending beyond where our people work to include how they work. Our flexible working arrangements encompass a range of initiatives and options, including compressed work hours, flexible schedules, access to unpaid leave and leave at half pay, job sharing, and a reduction in work hours if needed.

In April 2024, the VBA launched a pulse survey that focused on workplace preferences. The survey aimed to better understand how our people want to work, how they work best and what their needs and preferences are.

Recognising that each role, individual, and team has unique requirements for flexible working, the VBA strives to accommodate all employees regardless of level or role. As we continue to implement the Trusted Regulator Program, the VBA will continue to seek ways to encourage our people to leverage flexible working arrangements in a way that allows them to enjoy the benefits of both remote and in-office work and fosters true collaboration and engagement.

## Engagement and satisfaction measures

In 2023-24, the VBA participated in the annual People Matter survey, the Victorian public sector's independent employee opinion survey that measures engagement and satisfaction levels across our workforce. The VBA was proud to have achieved a participation rate of 77% and an increase in both engagement (2 per cent) and satisfaction (5 per cent) scores compared to a year ago. The biggest drivers of engagement included the powerful sense of purpose, accomplishment, and connection our people get from the work they do.

Most notably, the VBA strengthened its approach to data analysis and roll-out of results by introducing a strategically planned and streamlined process, supported by a comprehensive communications plan, that empowered leaders to take more ownership of their team's results.

All teams were invited to participate in a series of action planning workshops to celebrate their achievements and identify actionable insights that proved instrumental in driving organisational and team improvement. In August 2023, the VBA launched its inaugural Pulse Survey, which provided a timely and focused measure of employee sentiment.

## Onboarding program and early learning experience

The VBA has taken steps to improve its employee onboarding experience to integrate new employees more seamlessly into the organisation and set them up for success. During 2023-24, the People and Capability division embedded a new strategy to uplift the employee experience of new talent working at the VBA.

This strategy focused on four key initiatives:

1. Redesign of the online induction content. This included a tailored induction for new leaders, offering a suite of engaging and relevant content tailored to the audience.
2. In-person workshops. We designed and facilitated a new starter workshop that emphasises the importance of connection, engagement and collaboration at the VBA.
3. Creation of a centralised Resource Hub where our new talent have easy access to relevant and practical resources and tools to set them up for success in their new role.
4. An Onboarding System Review. The VBA's Human Resources Operations and Data Systems teams introduced improvements to the onboarding system, Enboarder, ensuring the content and process align with the reimagined onboarding experience.

Our people have recognised that the new onboarding program has provided a more accessible, engaging, and informative experience for them, helping to drive collaboration, foster a sense of connection, and setting our new starters up for success.

## Health, Safety and Wellbeing

After a comprehensive consultation, the VBA's OHS Committee is now functioning in a more effective, structured and cohesive way with enhanced engagement, participation, and contribution by all members. The management membership structure has also been enhanced with senior level participation. The ongoing focus will be to embed the committee's purpose and structure, while working together to improve the health, safety, and wellbeing performance and culture through accountability, engagement, and consultation.

The VBA has adopted a risk-based approach towards prevention of psychological injuries and illness. People leaders participated in a training course '*Managing and supporting people with mental health matters in the workplace*' to equip them with the skills required to manage the complexities of these matters. The VBA has also implemented a Peer Support Program with a group of trained mental health first aiders also known as Peer Support Officers. Peer Support Officers assist any of our people suffering from stress or other issues where they need to be able to talk about and seek guidance on a path forward. This option is in addition to the many supports provide to all staff to manage their mental health and wellbeing.

The VBA has made progress on the implementation of its three-year Health Safety & Wellbeing Plan. During 2023-24, the VBA focused on reducing HSW risks, improving staff wellbeing and building safety leadership capability.

The VBA has demonstrated its commitment to mitigating Occupational Violence and Aggression (OVA) risks by developing and implementing an OVA Action Plan that outlines the range of controls to be implemented over time, such as system improvement and communication, support and training to relevant staff.

## Employee learning and development programs

### ***Managing and Supporting People with Mental Health Matters in the Workplace***

To provide greater support to effectively lead individuals experiencing mental health matters at work, the VBA partnered with Ariston Consulting Solutions to co-design and deliver practical and engaging workshops for people leaders.

More than 130 people attended one of 15 workshops hosted by the VBA. These three-hour sessions have proven popular with people leaders and were extended to other positions including union delegates, Health & Safety Representatives (HSRs), and those who have undertaken higher duties or regularly act in management roles.

The workshops sought to:

- Develop a better understanding of the more common mental health conditions and issues employees may experience.
- Provide a toolkit of practical tips and resources to facilitate effective conversations with employees experiencing a mental health condition at work.
- Increase the knowledge and support to help reduce the stigma associated with mental health and facilitate a more inclusive and safer workplace.

Following the workshops, participants provided feedback to evaluate the effectiveness of the training. The feedback showed that 74 per cent of respondents were promoters of the training. Almost 80 per cent of participants indicated they were very satisfied with the training. Similarly, 73 per cent rated the overall effectiveness of the sessions extremely positive.

### ***Change Ready Program***

To promote the VBA's effective organisational transformation, the Change Ready Program was developed and delivered in-house, cooperatively by the Reform Management Office and the People and Capability division to equip our people with the practical tools and knowledge to effectively navigate, lead and sponsor change as part of the VBA's Trusted Regulator Program.

The program comprised of two half-day workshops tailored to team members, people leaders and senior leaders. During the sessions, participants learned skills that will help them play a pivotal role in the transformation journey, such as:

- Emotional Response Tools – Recognising and managing our emotional responses to change and excelling in dynamic environments.
- Support and Motivation Strategies – Supporting, inspiring, and motivating each other throughout the change journey.
- Leadership Techniques – Amplifying the impact of change (leader sessions only).
- Dynamic Workplace Culture Strategies – Creating a dynamic workplace culture (leader sessions only).

Launched in April 2024, 52% of our people have now attended the program, with feedback indicating that 86% of attendees were satisfied with the material presented. The Change Ready program will continue into 2024-2025.

### ***Giving & Receiving Feedback Workshops***

The VBA designed and delivered Giving & Receiving Feedback workshops for our people as a support mechanism for people leaders and team members to confidently give and receive feedback.

These 90-minute workshops included:

- What is feedback and why is it important?
- How to have a quality performance development planning conversation by providing valuable feedback.
- Giving and receiving effective feedback using the STAR technique.
- Practical tools and tips to prepare for conversations where feedback, both positive and constructive, will be given.

### **Compliance training**

The VBA has a suite of mandatory compliance e-learning training modules which are embedded into our onboarding process for all new employees and contractors. During the year there were nine compliance modules deployed across the organisation and the completion rate was 90 per cent. In addition to the new starter training, virtual webinars are conducted throughout the year on Code of Conduct and Fraud and Conflict of Interest with further information provided on the VBA intranet. A comprehensive review of compliance training will be undertaken in the next 12 months to ensure seamless delivery of important modules along with appropriate modes of learning.

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# Governance and organisational structure



# VBA organisational chart

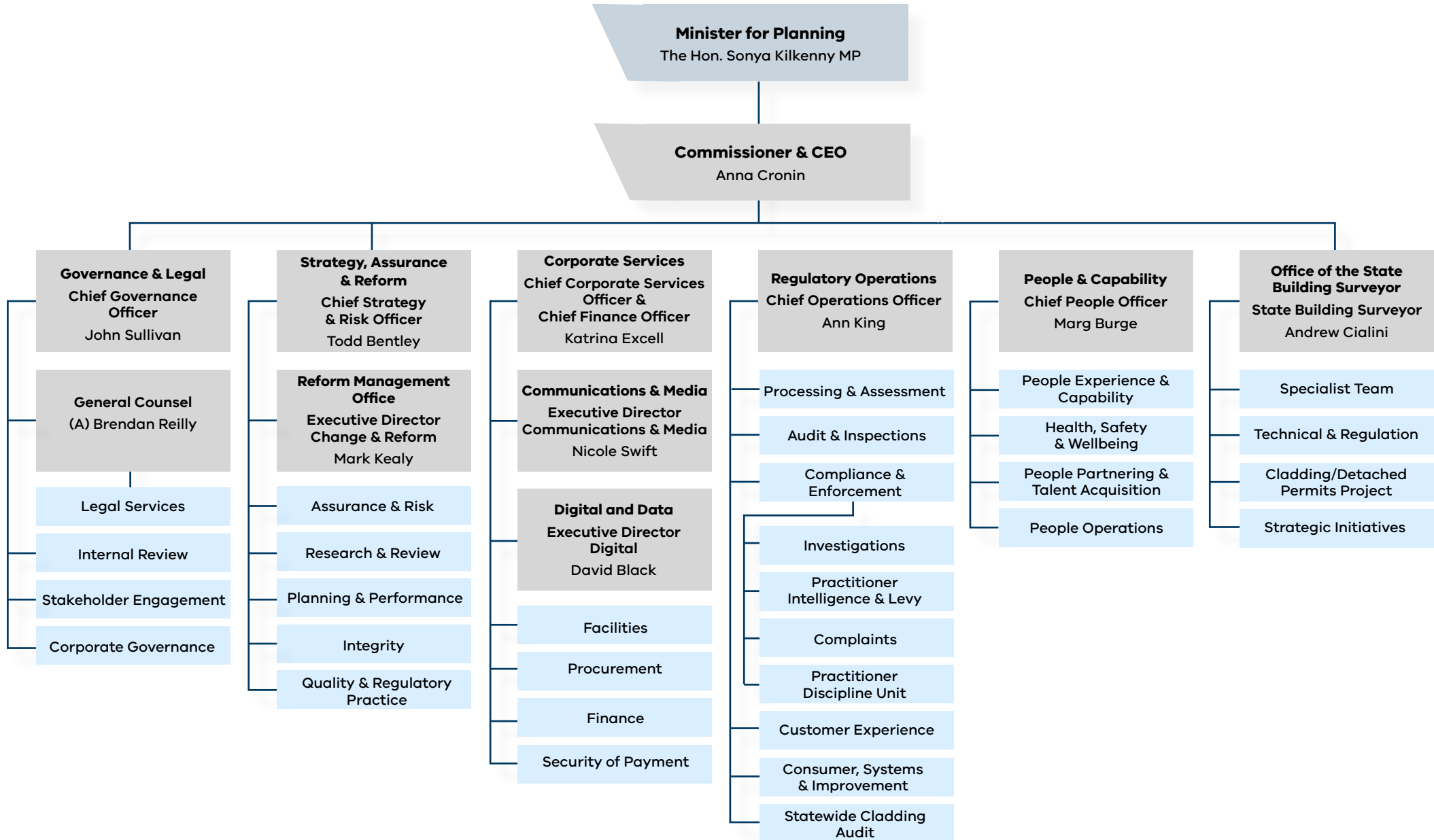


Figure 3: Organisation chart

# VBA Governance chart

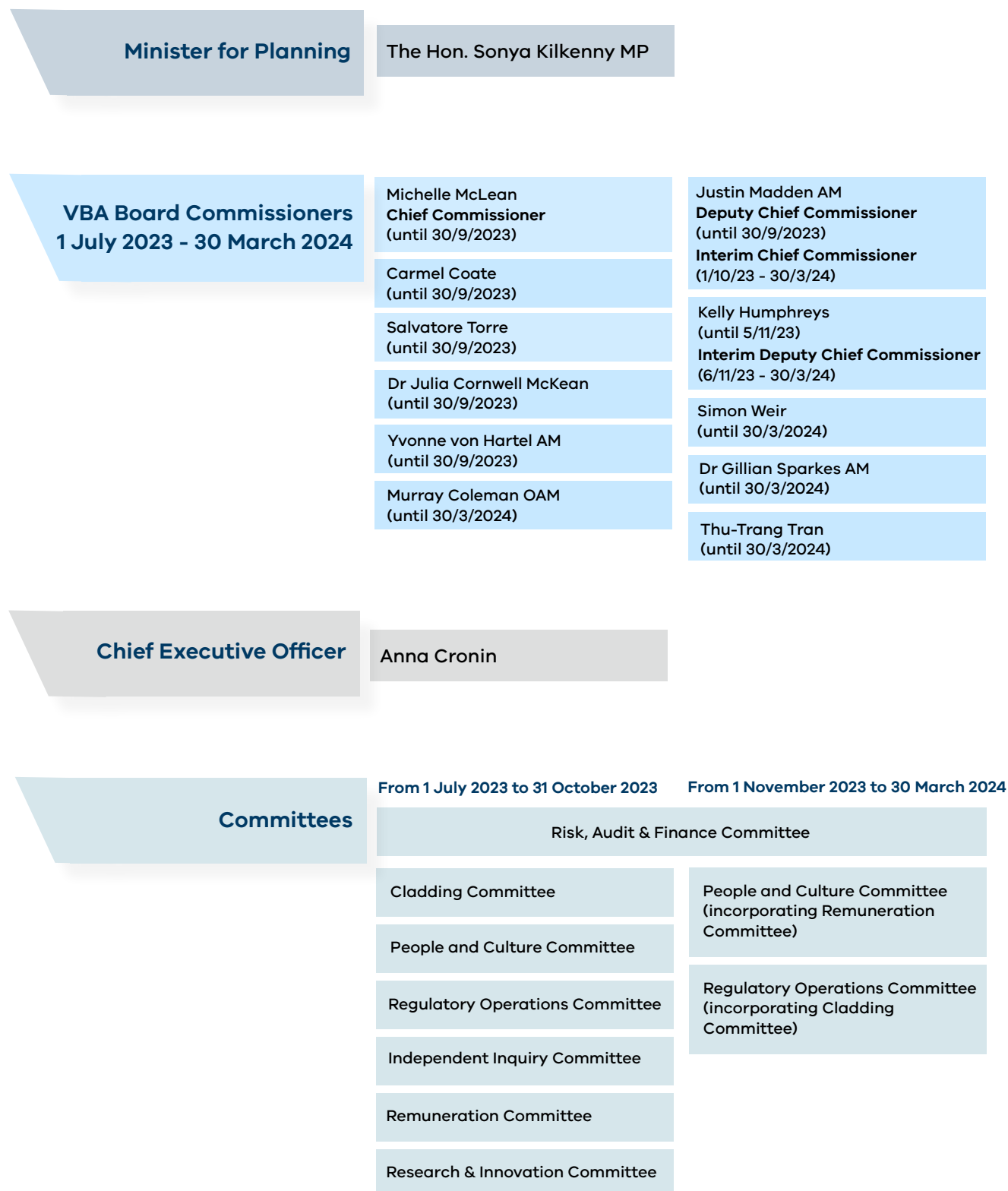


Figure 4: VBA governance chart 1 July 2023 to 30 March 2024

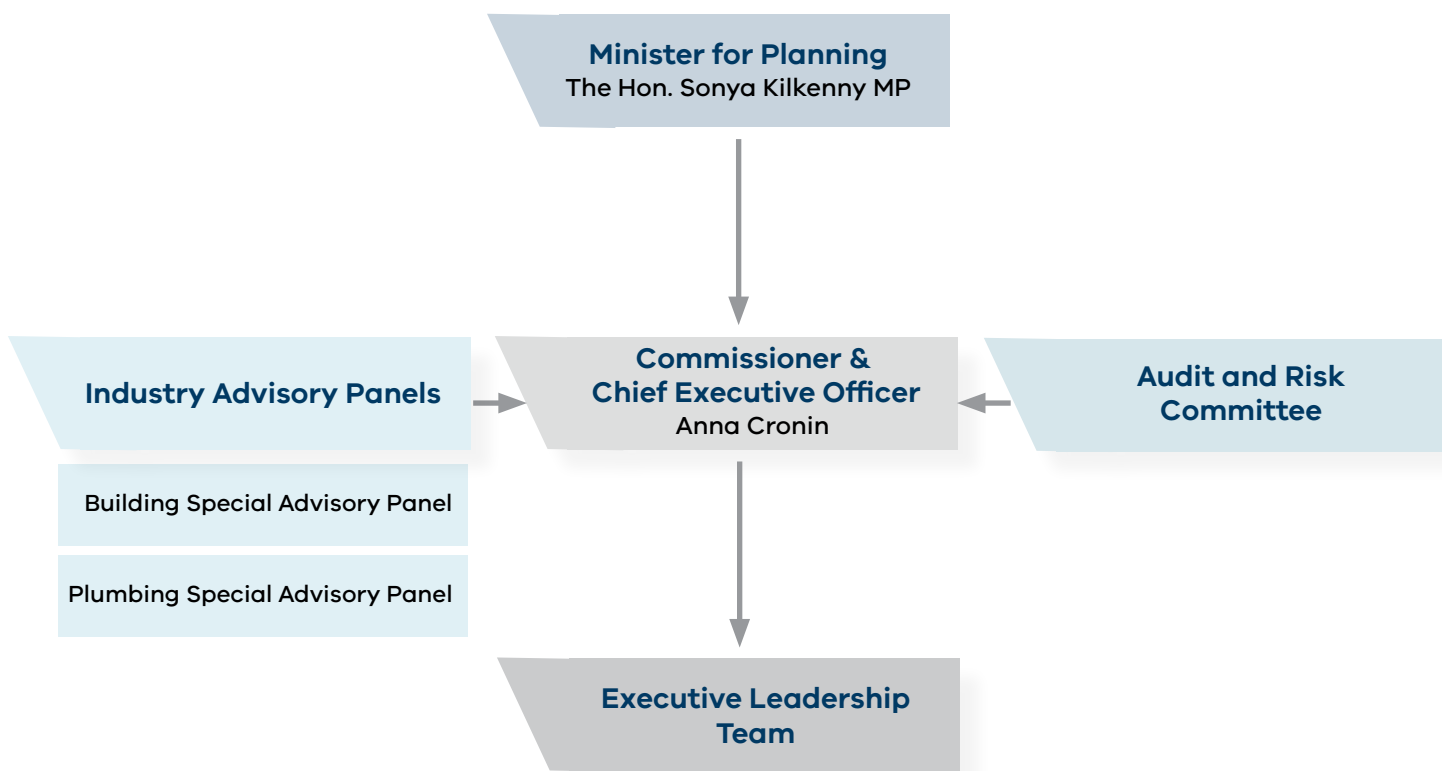


Figure 5: VBA governance chart 31 March 2024 to 30 June 2024

### Changes to the VBA’s governance structure

Effective 31 March 2024, the VBA was declared a reorganising body under section 7 of the *State Owned Enterprises Act 1993*. This declaration was made to allow the VBA to enhance its ability to respond to emerging priorities in the building industry and support its regulatory activities in the context of the Government’s building reform program.

At this time, the Commissioners of the VBA Board were removed from office under section 8 of the Act, and the constitution and membership of the VBA Board was changed to a governing body with a single member, the sole Commissioner, effective 31 March 2024.

Upon the recommendation of the Minister for Planning, the VBA Chief Executive Officer Anna Cronin was appointed sole Commissioner of the VBA Board (VBA Commissioner) from 31 March 2024 to 31 March 2026. The VBA Commissioner 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 systems for internal control, risk management, auditing and legal compliance.
- Selecting and appointing an Acting CEO, with the approval of the Minister.

The VBA Commissioner is supported by two advisory panels, the Building Special Advisory Panel and the Plumbing Special Advisory Panel. The role of the advisory panels is to advise the VBA Commissioner on a range of matters, including:

- VBA practices and performance.
- Industry practices and performance.
- Improving the customer experience.
- Local, national, and international factors that impact on industry behaviours, consumer outcomes and compliance with Victorian laws.
- New technologies, consumer trends, and emerging risks that are expected to impact on the building industry and consumers.
- Future regulatory reforms and changes in VBA policies or practices.

During 2023-24, the Building Special Advisory Panel and Plumbing Special Advisory Panel each met on two occasions.

Following the implementation of the new governance arrangements, the VBA Commissioner appointed a new Audit and Risk Committee (ARC) to assist with fulfilling the obligations of the Standing Directions 2018 under the *Financial Management Act 1994*. The ARC is responsible for providing independent oversight and advice to the VBA Commissioner on the effectiveness of the VBA's systems and controls for financial management (including asset management), risk management, performance, and sustainability.

Prior to the implementation of these changes, the VBA Board operated as per the Act specifications. The Board was comprised of 11 members and had seven supporting Committees until 30 September 2023. From 1 October 2023, the VBA Board reduced to six members, and the number of Board committees reduced from seven to three from 1 November 2023.

## **Establishment of Stakeholder Engagement function**

Supporting the VBA's reform program, the VBA established a dedicated Stakeholder Engagement function in 2023-24. This business unit aims to deliver purposeful engagement with key VBA stakeholders in industry and government.

## Committees:

### **Audit and Risk Committee (formerly Risk, Audit and Finance Committee)**

Chaired by Commissioner Kelly Humphreys (1 July 2023 to 30 March 2024), Mr Michael Everett (24 June 2024 to 30 June 2024)

The Audit and Risk Committee was 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.

### **People & Culture Committee (1 July 2023 to 30 March 2024)**

Chaired by Commissioner Dr Julia Cornwell McKean

The People and Culture Committee was 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 helped keep the VBA's approach to these matters consistent and supported the VBA's people and capability strategy. This Committee's function was broadened to incorporate the Remuneration Committee's functions following VBA Board approval of a governance review recommendation from 1 November 2023.

### **Cladding Committee (1 July 2023 to 31 October 2023)**

Chaired by Deputy Chief Commissioner Justin Madden AM

The Cladding Committee supported the VBA Board in monitoring performance of the Statewide Cladding Audit program (SCA) and its compliance with regulatory requirements and policies. It monitored VBA's enforcement action against practitioners associated with, but not limited to, the SCA, and oversaw the VBA's risk management approach with respect to cladding. It helped ensure that lessons are learned, and that these are shared to help prevent future building system failures. This Committee's functions were incorporated into the Regulatory Operations Committee following VBA Board approval of a governance review recommendation from 1 November 2023.

### **Regulatory Operations Committee (1 July 2023 to 30 March 2024)**

Chaired by Commissioner Dr Julia Cornwell McKean

The Regulatory Operations Committee provided assurance to the VBA Board that the VBA is fulfilling its core regulatory functions as required under s197 of the Act. It considered and made recommendations to the VBA 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 considered and made recommendations to the VBA Board on the implications and impact of legislative, policy and regulatory reform on the VBA's approach as a regulator. This Committee's function was broadened to incorporate the Cladding Committee's functions following VBA Board approval of a governance review recommendation from 1 November 2023.

### **Remuneration Committee (1 July 2023 to 31 October 2023)**

Chaired by Chief Commissioner  
Michelle McLean

The Remuneration Committee supported the VBA Board to meet its responsibilities under s203 of the Act to employ or remove a Chief Executive Officer (CEO) and determine the terms and conditions under which the CEO is employed. It undertook performance planning and performance reviews with the CEO and undertook contract negotiations with the CEO as required. It reviewed as necessary the remuneration and employment conditions of the CEO and maintains oversight of executive employment, remuneration and performance arrangements at the VBA. This Committee's functions were incorporated into the People & Culture Committee following VBA Board approval of a governance review recommendation from 1 November 2023.

### **Independent Inquiry Committee (1 July 2023 to 25 August 2023)**

Chaired by Chief Commissioner  
Michelle McLean

In response to an independent inquiry into allegations of bullying and harassment and cultural issues at the VBA, the VBA Board established an Independent Inquiry Committee (ICC) on 13 October 2022. The purpose of the sub-committee was to oversee implementation of the independent inquiry's recommendations and report to the VBA Board progress against key milestones. This Committee finalised its matters with a consolidated report to the VBA Board as per a VAGO recommendation, and was absorbed into the CEO responsibilities from 1 November 2023 following a Governance Review, holding its last meeting on 25 August 2023.

### **Research & Innovation Committee (1 July 2023 to 31 October 2023)**

Chaired by Commissioner  
Carmel Coate

The Research and Innovation Committee was responsible for oversight, advice and recommendations to the VBA Board on research matters to ensure the VBA Board was performing its responsibilities under s197(i) of the Act relevant to the VBA's research function. The Committee also maintained a focus on innovation, including in emerging technologies. This Committee's functions were absorbed into the CEO's responsibilities from 1 November 2023 following a Governance Review, and held its last meeting on 28 September 2023.

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# 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 greater than \$10,000

In 2023–24, there were 30 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2023–24 in relation to these consultancies is \$1,955,165 million (excluding GST). Information about individual consultancies is on the VBA website.

### Details of consultancies valued at less than \$10,000

In 2023–24, there were 6 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2023–24 in relation to these consultancies was \$23,908 (excl. GST).

## 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 2023–24, 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, sets out procurement approaches to ensure 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 underrepresented, and developing selection criteria for new contracts that include assessment of female representation in leadership and project teams.

All individual procurement activities undertaken in 2023–24 fell below the threshold band of Victoria's Social Procurement Framework where social procurement approaches are encouraged but not mandatory.

## Disclosure of emergency procurement

There were no emergency procurement activities required in 2023–24.

## Disclosure of procurement complaints

Under the Governance Policy of the Victorian Government Purchasing Board (VGPB), the VBA must disclose any formal complaints relating to the procurements of goods and services through its procurement complaints management system.

The VBA received no formal complaints through its procurement complaints management system in 2023–24.

## Disclosures

**Table 11: Disclosure of review and study expenses**

Name of research project or study	Reasons for research or study	Terms of reference/ scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl GST)	Publicly available and URL
Assessment of mould growth risk in regulatory compliant 6 and 7-star new homes in Victoria (University of Tasmania)	To assess the risk of mould growth in new homes in Victoria.	Hygrothermal and bio-hygrothermal simulations to assess risk of mould growth in new homes in Victoria across tested external wall systems and Victorian climate zones.	Increase in body of knowledge about mould growth risks and enhancements that could be made to external wall systems to reduce mould growth risks.	\$0.00 (payments made in prior years)	\$70,000 (research grant)	Yes <a href="#">Assessment of mould growth risk in regulatory compliant 6 and 7 star new homes in Victoria (in progress)   Victorian Building Authority (vba.vic.gov.au)</a>
Examining disputes about moisture ingress and indoor mould in Victorian residential buildings	To expand the evidence base about moisture ingress and indoor mould in Victorian residential buildings with insights from analysis of applications to DBDRV for dispute resolution.	Analysis of DBDRV data to identify causes and underlying factors contributing to the moisture ingress and indoor mould and opportunities to strengthen consumer protection.	Opportunities for improvements to building design, certification, construction, legislation and regulatory oversight.	\$26,975	\$26,975	Yes <a href="#">Examining indoor mould and moisture damage in Victorian residential buildings   Victorian Building Authority (vba.vic.gov.au)</a>
Investigation of water leakage in residential apartment (concrete) balconies (Swinburne University of Technology)	To identify the causes of water ingress in concrete balconies in Class 2 buildings and opportunities for improvement to current regulations, standards and work practices.	Analysis of literature, practitioner insights and case studies to identify causes of concrete balcony failures and opportunities for improvements.	Opportunities to improve performance of concrete balcony design, build materials and construction methods, and quantify the efficacies of waterproofing methods.	\$40,000	\$80,000 (research grant)	Yes <a href="#">Investigation of water leakage in residential apartment (concrete) balconies (in progress)   Victorian Building Authority (vba.vic.gov.au)</a>
Improving building envelope resilience to moisture damage (University of Sydney)	To improve the resilience of building envelopes to moisture damage and mould growth.	One-dimensional (standard) and two-dimensional hygrothermal analysis of typical external building envelopes constructed in Victoria, including details such as building corners, thermal bridges, balconies and wall/roof intersections.	Comprehensive recommendations for the design, construction and maintenance of climate-appropriate building envelopes methods in Victoria.	\$55,000	\$110,000 (research grant)	Yes <a href="#">Improving building envelope resilience to moisture damage (in progress)   Victorian Building Authority (vba.vic.gov.au)</a>

Name of research project or study	Reasons for research or study	Terms of reference/ scope	Anticipated outcomes	Estimated cost for the year (excl. GST)	Final cost if completed (excl GST)	Publicly available and URL
Developing a Virtual Reality self-evaluation platform to reduce non-compliant building and plumbing work (RMIT)	To give practitioners alternative learning opportunities to identify and self-evaluate non-compliance in building and plumbing work using real building site inspection scenarios through virtual reality technology.	Develop a proof of concept virtual reality (VR) based inspection scenarios and a platform for practitioners to self-assess risk of non-compliance building and plumbing work in their own projects.	Practitioners' knowledge of non-compliance risks and ability to self-evaluate their own work are improved through a flexible, economical training alternative.	\$20,000	\$60,000 (research grant)	Yes <a href="#">Developing a Virtual Reality self-evaluation platform to reduce non-compliant building and plumbing work (in progress)   Victorian Building Authority (vba.vic.gov.au)</a>
Building 4.0 Cooperative Research Centre (CRC)	Building 4.0 CRC is an industry-led research initiative co-funded by the Australian Government, with research program streams (sectoral, digital and building transformation streams) that are aligned to the VBA's research focus and will help drive digital adoption and systemisation of the industry.  Current year projects: <ul style="list-style-type: none"> <li>Evaluation of emerging technologies for remote inspections of building work.</li> <li>Scoping study for building the future – circular economy (in progress).</li> <li>Future of construction education (in progress)</li> <li>Accelerating Building 4.0 CRC research translation and impact (in progress).</li> <li>Regulatory reform for industrialised construction (in progress).</li> </ul>	Building 4.0 CRC aims to address long-standing systemic problems in the construction industry including stagnating productivity, limited digitisation or adoption of advances in manufacturing technology, and poor knowledge transfer.	By participating in the CRC, the VBA is working closely with industry and research leaders who have advanced digital and technological expertise, on common projects and initiatives that improve digitalisation and innovation in the building industry.	\$50,000	\$350,000 (total contribution over seven years until 2027-28)	Yes <a href="#">Building 4.0 CRC – digital transformation of the building industry (in progress)   Victorian Building Authority (vba.vic.gov.au)</a>

## Freedom of information

The VBA is committed to making information easily accessible to the public and releases a large amount of information through online and print publishing, social media platforms, information sessions and in-person.

Under the *Freedom of Information Act 1982* (Vic) (FOI Act), the VBA receives and processes applications to access VBA documents in accordance with the Act. The Act allows the public a right of access to documents held by the VBA, and for the VBA to refuse access, on certain grounds.

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 Act contains limited provisions expressly enabling the VBA to do this.

### Proactive release

The VBA's proactive release policy enables requests for some documents held by the VBA to be processed without an FOI application and referral to the FOI team, for specific requestors.

The proactive release policy facilitates access to the following documents for people permitted by law to access them:

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

### Making a request

FOI requests can be lodged by completing the application form available from the VBA website: [vba.vic.gov.au/legal/foi](http://vba.vic.gov.au/legal/foi).

An application fee of \$31.80 applies. 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 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 letter.

### VCAT appeals

During 2023-24, three VCAT reviews were lodged relating to VBA FOI decisions of which all are ongoing. This was a decrease from the four VCAT reviews lodged in 2022-23. No matters were withdrawn and three are ongoing.

### FOI statistics and timeliness

In 2023-24, the VBA received 589 FOI requests, of which 483 were valid. 449 of the valid requests were processed and decisions provided, while 34 requests received will carry over to the next financial year to be finalised.

Of the 449 decisions made for valid requests received in 2023-24, 99.6 per cent were finalised within the statutory timeframe, 0.2 per cent were finalised up to 45 days overdue and a further 0.2 per cent finalised 46 days or more overdue. This is an improvement on the previous financial year where 73 per cent were finalised within the statutory timeframe.

Overall, the VBA decided 521 valid requests over the financial year, including 38 decisions received during 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.

**Table 12: FOI application outcomes**

	FOI requests
Released in full	29
Released in part	66
Denied in full	18
Released outside the FOI Act	296
No documents could be found	14
Transferred to another agency	0
Act does not apply	3
Withdrawn	22
Not proceeded with	1
Not processed	0
Not yet finalised	34
<b>Total</b>	<b>483</b>

## Information and communication technology expenditure

In 2023-24, the VBA's Information and Communication Technology (ICT) expenditure totalled \$22.1 million, compared to \$23.6 million last year. ICT expenditure refers to the VBA's cost in providing business-enabling ICT services within the reporting period. It comprised of business-as-usual (BAU) ICT expenditure and non-BAU ICT expenditure. BAU ICT expenditure is all ICT expenditure that primarily relates to ongoing activities to operate and maintain the current ICT capability. Non-BAU ICT expenditure relates to extending or enhancing the VBA's current ICT capabilities.

**Table 13: Table 13: Details of information and communication technology expenditure**

<b>All operational ICT expenditure (\$ million)</b>	
<b>Business-as-usual ICT expenditure (total)</b>	<b>14.3</b>
ICT expenditure related to projects to create or enhance ICT capabilities (\$ million)	
<b>Non-business-as-usual ICT expenditure</b>	<b>7.8</b>
Operational expenditure	4.3
Capital expenditure	3.5
<b>Total ICT expenditure (\$ million)</b>	<b>22.1</b>

## Office-based environmental impacts

The following tables outline the VBA's energy consumption, landfill waste, paper use, travel and greenhouse gas emissions during 2023-24.

### Energy use

Energy consumption increased slightly compared to 2022-23. Improved building management strategies such as HVAC and lighting timers assisted in improving energy efficiencies.

Table 14: Energy use

Indicator	2023-24	2022-23
<b>E1 Total energy usage segment by primary source (MJ)</b>		
Electricity (MJ) — excluding green power, which is not yet available	1,300,630	1,266,642
Natural gas (MJ)	0	0
Green power (MJ)	0	0
LPG (MJ)	0	0
<b>E2 Total greenhouse gas emission from energy consumption (tonnes CO2-e)</b>		
Electricity (tonnes CO2-e) — excluding green power	424	413
Natural gas (tonnes CO2-e)	0	0
Green power (tonnes CO2-e)	0	0
LPG (tonnes CO2-e)	0	0
<b>E3 Percentage of electricity bought as green power</b>	0	0

## Waste and recycling

Waste volumes remained consistent compared to 2022-23, however recycling volumes have increased and may be attributable to a general awareness of the environmental impacts of waste.

Table 15: Waste and recycling

Indicator	2023-24	2022-23
<b>Ws1. Total units of waste disposed of by destination (kg/year)</b>		
Landfill (kg)	2,325	2,304
Comingled recycling (kg)	319	131
Paper and card (kg)	583	252
Secure documents (kg)	1,050	1,650
Organics	452	101
<b>Ws2. Total units of waste disposed of per FTE by destination (kg/FTE)</b>		
Landfill (kg/FTE)	5	5
Comingled recycling (kg/FTE)	1	0
Paper and card (kg/FTE)	1	1
Secure documents (kg/FTE)	2	3
Organics (kg/FTE)	1	0
<b>Ws3. Recycling rate (%)</b>	<b>12</b>	<b>5</b>
<b>Ws4. Greenhouse gas emissions associated with waste (tonnes CO2-e)</b>	<b>5.72</b>	<b>3.84</b>

## Paper use

The VBA maintains an ongoing transition to digital processing of documents and while more employees have returned to the office, an increase in the volume of printing has occurred.

**Table 16: Paper use**

Indicator	2023-24	2022-23
P1. Total units of A4 equivalent copy paper used (reams)	729	558
P2. Units of A4 equivalent copy paper used per FTE (reams/FTE)	1.51	1.11
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 Goods Shed North as there are no separate water metres for each tenancy.

## Travel and transport

The VBA fleet consists of 87 vehicles. Five vehicles are fuelled by unleaded petrol and 82 vehicles are hybrid. 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. It should be noted that the VBA is not able to introduce EVs to the fleet at this time due to the unavailability of a fit for purpose EV.

**Table 17: Travel and transport**

Indicator	2023-24	2022-23
<b>T1. Total energy consumption by fleet vehicles (MJ)</b>		
Unleaded	580,675	1,202,608
Hybrid	2,800,234	1,876,578
<b>T2. Total distance travelled consumption by fleet vehicles (km)</b>		
Unleaded	180,207	339,320
Hybrid	1,103,228	729,879
<b>T3.a Total greenhouse gas emissions from fleet vehicles (tonnes CO<sub>2</sub>-e)</b>		
Unleaded	79	148
Hybrid	313	207
<b>T3.b Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO<sub>2</sub>-e)</b>		
Unleaded	0.08	0.15
Hybrid	0.31	0.21
<b>T4. Total distance travelled by air (km)</b>	<b>15,962</b>	<b>56,987</b>

### Greenhouse gas emissions

Greenhouse gas emissions increased compared to 2022-23. This can be attributed to the return-to-office, resumption of office-based, field-based and conference and events activities.

**Table 18: Greenhouse gas emissions**

Indicator	2023-24	2022-23
G1. Total greenhouse gas emissions associated with energy use (tonnes CO2-e) [Note: This includes office-based data only]	423	406
G2. Total greenhouse gas emissions associated with vehicle fleet (tonnes CO2-e)	399	355
G3. Total greenhouse gas emissions associated with air travel (tonnes CO2-e)		9
G4. Total greenhouse gas emissions associated with waste disposal (tonnes CO2-e) [Note: This includes office-based data only]	5.88	3.84
G5. Total greenhouse gas emissions offset purchased (tonnes CO2-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.

## 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 is up to date.

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 2023-2024.

## Compliance with the *Building Regulations 2018*

The Building Regulations 2018 came into effect on 2 June 2018. The Building Regulations are a subordinate legislation of the Act 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 (NCC).

Victoria's building regulations generally have a ten-year shelf life before undergoing a comprehensive review to ensure they remain fit-for-purpose and meet intended objectives. The VBA is a key stakeholder in the review process and implementation of the Regulations.

The VBA adheres to the Building Regulations 2018 when undertaking its activities.

## Compliance with the *Plumbing Regulations 2018*

The Plumbing Regulations 2018 came into effect on 18 November 2018. The Plumbing Regulations are a subordinate legislation of the Act and contain, among other things, the aspects of plumbing work related to the scope of work for all classes of plumbing work and specialised plumbing work, the qualifications and experience eligibility requirements for registration and licensing of each class, the fees payable for registration and licensing applications and the price of compliance certificates and additional technical requirements with which work performed in specified classes of plumbing must comply.

The VBA adheres to the Plumbing Regulations 2018 when undertaking its activities.

## 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.

## A high integrity organisation

The VBA will take decisive action in response to any credible allegation that an employee has engaged in fraud, corruption, or other improper conduct. We may respond by investigating, taking disciplinary action, notifying the Independent Broad-based Anti-corruption Commission (IBAC), or making a report to Victoria Police.

We also have no tolerance for criminal behaviour by practitioners or others we deal with. Any attempt to bribe our people or pass off falsified documentation may be notified to IBAC, reported to Victoria Police or result in our use of our regulatory powers.

## Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* encourages and assists people in making disclosures of improper conduct by public officers and public bodies. The Act provides protection to people who make disclosures in accordance with the Act and establishes a system for the matters disclosed to be investigated and rectifying action to be taken.

The VBA does not tolerate improper conduct by employees, nor the taking of reprisals against those who have come forward to disclose such conduct. It is committed to ensuring transparency and accountability in its administrative and management practices and supports the making of disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, or conduct involving a substantial risk to public health and safety or the environment.

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

## Reporting procedures

The VBA is not authorised to receive disclosures of improper conduct or detrimental action. People who wish to make a disclosure are therefore encouraged to contact the Independent Broad-based Anti-corruption Commission (IBAC):

Level 1 North Tower 459 Collins Street  
Melbourne VIC 3000

Phone: 1300 735 135

Internet: [www.ibac.vic.gov.au](http://www.ibac.vic.gov.au)

The VBA has also engaged Safe2Speak, an independent service through which employees can, with the option of remaining anonymous, report improper conduct or corruption if they choose not to contact IBAC.

Contact Safe2Speak via:

VBA Safe 2 Speak c/o Stopleveline, Locked  
Bag 8, Hawthorn, VIC 3122

Phone: 1300 304 550

Internet: [safe2speakvba.stoplinereport.com](http://safe2speakvba.stoplinereport.com)

Email: [safe2speak@stopline.com.au](mailto:safe2speak@stopline.com.au)

The VBA integrity Unit can be contacted for advice and to report concerns via:  
[integrity@vba.vic.gov.au](mailto:integrity@vba.vic.gov.au)

## Further information

For further information regarding disclosures visit: [vba.vic.gov.au/about/holding-the-VBA-to-account](http://vba.vic.gov.au/about/holding-the-VBA-to-account).

Section 70 of the Independent Broad-based *Anti-corruption Act 2011* requires public bodies to report the number of disclosures received in their annual report. The Act does not permit the VBA to receive disclosures therefore none have been received. This does not include disclosures regarding the VBA received by any other entity.

## 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 continued 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.

### 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 Services and TTY support services 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.

## Compliance with the *Carers Recognition Act 2012*

The VBA recognises the role that many of our staff have as carers and supports them to balance their work and care responsibilities. This includes staff that care for and support people with a mental illness, disability, chronic illness or complex care needs as well as older people with specific needs, children and young people with additional care needs, and people who have terminal illness.

The VBA has taken practical measures to comply with its obligations under the *Carers Recognition Act 2012*. Our program of work to support carers is informed by the carer relationship principles set out in the Act and the priority actions outlined in the Recognising and supporting Victoria's carers: *Victorian Carers Strategy 2018-22*.

The VBA's actions aim to reduce the barriers to workforce participation for carers and ensure carers can make choices about work and their carers roles, are enabled to participate socially and economically, and are supported with their health and wellbeing.

4/

# Financial Statements



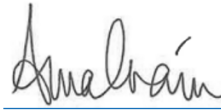
## Declaration in the Financial Statements

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 2024 and the financial position of the VBA at 30 June 2024.

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 17 September 2024.



**Anna Cronin**

Commissioner and Chief Executive Officer  
Victorian Building Authority  
Melbourne



**Katrina Excell**

Chief Finance Officer  
Victorian Building Authority  
Melbourne



Victorian Auditor-General's Office

## Independent Auditor's Report

### To the Commissioner of the Victorian Building Authority

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**Opinion** I have audited the financial report of the Victorian Building Authority (the authority) which comprises the:

- balance sheet as at 30 June 2024
- 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 material accounting policy information
- declaration in the financial statements.

In my opinion, the financial report presents fairly, in all material respects, the financial position of the authority as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

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**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. 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 *Code of Ethics for Professional Accountants* (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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

---

**Commissioners' responsibilities for the financial report** The Commissioner is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Commissioner 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.

In preparing the financial report, the Commissioner 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.

**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 Commissioner
- conclude on the appropriateness of the Commissioner'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 Commissioner 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.



**COMPREHENSIVE OPERATING STATEMENT<sup>(a)</sup>**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

(\$'000)

	Notes	2024	2023
<b>Continuing Operations</b>			
<b>Revenue and Income from transactions</b>			
Levies, fees and fines revenue	2.1	96,108	88,641
Grant income	2.2	9,345	23,174
Interest income	2.3	2,415	1,602
Other income		245	263
<b>Total revenue and income from transactions</b>		<b>108,113</b>	<b>113,680</b>
<b>Expenses from transactions</b>			
Employee costs	3.1	80,929	77,526
Board and committee costs		864	1,000
Interest expense	6.2.2	87	139
Other operating expenses	3.2	18,869	19,962
Grant payments	3.3	1,158	1,223
Depreciation and amortisation	4.3	5,257	5,400
<b>Total expenses from transactions</b>		<b>107,164</b>	<b>105,250</b>
<b>Net result from transactions (net operating balance)</b>		<b>949</b>	<b>8,430</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on non-financial assets <sup>(b)</sup>	8.1	191	464
<b>Total other economic flows included in net result</b>		<b>191</b>	<b>464</b>
<b>Net result from continuing operations</b>		<b>1,140</b>	<b>8,894</b>
<b>Other economic flows – other comprehensive income:</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in physical asset revaluation surplus <sup>(c)</sup>	8.2	-	-
<b>Total other economic flows – other comprehensive income</b>		<b>-</b>	<b>-</b>
<b>Comprehensive result</b>		<b>1,140</b>	<b>8,894</b>

The accompanying notes form part of these financial statements.

## 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<sup>(a)</sup>**  
**AS AT 30 JUNE 2024**

	Notes	2024	2023
(\$'000)			
<b>Assets</b>			
<b>Financial assets</b>			
Cash and deposits	6.3	58,788	59,653
Receivables	5.1	996	1,020
<b>Total financial assets</b>		<b>59,784</b>	<b>60,673</b>
<b>Non-financial assets</b>			
Property, plant and equipment	4.1	10,184	7,309
Intangible assets	4.2	10,352	9,397
Other non-financial assets	5.5	2,223	1,861
<b>Total non-financial assets</b>		<b>22,759</b>	<b>18,567</b>
<b>Total assets</b>		<b>82,543</b>	<b>79,240</b>
<b>Liabilities</b>			
Payables	5.2	3,599	2,574
Contract liabilities	5.3	12,559	12,659
Interest-bearing liabilities	6.1	8,158	5,223
Employee-related provisions	3.1.1	11,951	10,645
Other provisions	5.4	747	1,952
Security deposits	8.9	2,949	2,976
Other liabilities	5.6	11,301	13,072
<b>Total liabilities</b>		<b>51,264</b>	<b>49,101</b>
<b>Net assets</b>		<b>31,279</b>	<b>30,139</b>
<b>Equity</b>			
Accumulated surplus		28,352	27,212
Contributed capital <sup>(b)</sup>	8.10	2,182	2,182
Asset revaluation reserve	8.2	745	745
<b>Net worth</b>		<b>31,279</b>	<b>30,139</b>

*The accompanying notes form part of these financial statements.*

**Notes:**

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

(b) Funding received from Department of Energy, Environment and Climate Action (DEECA) as contributed capital.

**STATEMENT OF CHANGES IN EQUITY<sup>(a)</sup>**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

(\$'000)

	Notes	Asset revaluation reserve	Accumulated surplus	Contributed Capital	Total
<b>Balance at 1 July 2022</b>		<b>745</b>	<b>18,318</b>	-	<b>19,063</b>
Capital contribution transferred from other government entity	8.10	-	-	2,182	<b>2,182</b>
Net result for the year		-	8,894	-	<b>8,894</b>
<b>Balance at 30 June 2023</b>		<b>745</b>	<b>27,212</b>	<b>2,182</b>	<b>30,139</b>
<b>Balance at 1 July 2023</b>		<b>745</b>	<b>27,212</b>	<b>2,182</b>	<b>30,139</b>
Net result for the year		-	1,140	-	<b>1,140</b>
<b>Balance at 30 June 2024</b>		<b>745</b>	<b>28,352</b>	<b>2,182</b>	<b>31,279</b>

*The accompanying note forms part of these financial statements.*

Note:

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

**CASH FLOW STATEMENT<sup>(a)</sup>**  
**FOR THE FINANCIAL YEAR ENDED 30 JUNE 2024**

	Notes	2024	2023
(\$'000)			
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Receipts from customers		96,315	93,714
Interest received		2,415	1,602
Receipts of security deposits		669	758
Goods and services tax recovered from the ATO <sup>(b)</sup>		3,431	3,481
Grants received from State Government		9,345	23,174
<b>Total receipts</b>		<b>112,175</b>	<b>122,729</b>
<b>Payments</b>			
Payments of grants		(1,158)	(1,223)
Payment of interest		(87)	(139)
Refunds of security deposits		(696)	(638)
Payments to suppliers and employees		(104,289)	(95,958)
<b>Total payments</b>		<b>(106,230)</b>	<b>(97,958)</b>
<b>Net cash flows from operating activities</b>	<b>6.3.1</b>	<b>5,945</b>	<b>24,771</b>
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment		(202)	(1,116)
Proceed from sale of property, plant and equipment		476	766
Payments for intangible assets		(3,404)	(3,282)
<b>Net cash flows from/(used in) investing activities</b>		<b>(3,130)</b>	<b>(3,632)</b>
<b>Cash flows from financing activities</b>			
Repayment of leases	6.2.3	(3,680)	(3,210)
Capital contribution transferred from other government entity	8.10	-	2,182
<b>Net cash flows from/(used in) financing activities</b>		<b>(3,680)</b>	<b>(1,028)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(865)</b>	<b>20,111</b>
<b>Cash and cash equivalents at the beginning of financial year</b>		<b>59,653</b>	<b>39,542</b>
<b>Cash and cash equivalents at the end of financial year</b>		<b>58,788</b>	<b>59,653</b>

*The accompanying notes form part of these financial statements.*

**Notes:**

(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 2024.

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 8.11 and 8.12.

These annual financial statements were authorised for issue by the VBA's Commissioner and Chief Executive Officer and Chief Finance Officer on 17 September 2024.

### Basis of preparation

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.

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.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. 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.

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

### 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	2024	2023
Building-permit levy – general levy <sup>(a)</sup>	30,791	29,869
Building-permit levy – DBDRV levy <sup>(b)</sup>	15,391	14,888
Building-practitioner registration fees <sup>(c)</sup>	13,827	10,505
Building-corporate registration fees <sup>(d)</sup>	7,352	4,916
Building-prosecutions and inquiry fines <sup>(e)</sup>	846	685
Building-owner builder certification fees <sup>(f)</sup>	1,294	1,097
Building-modifications and appeals (BAB services) fees <sup>(g)</sup>	125	136
Registration Scheme (PERS) endorsement fees <sup>(h)</sup>	628	663
Plumbing-compliance certificates fees <sup>(i)</sup>	18,825	19,135
Plumbing-registration and licence fees <sup>(j)</sup>	6,556	6,346
Plumbing-examination fees <sup>(k)</sup>	395	282
Plumbing-prosecutions and inquiry fines <sup>(l)</sup>	78	119
<b>Total building levies, fees and fines revenue</b>	<b>96,108</b>	<b>88,641</b>

#### 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 Domestic Building Dispute Resolution Victoria (DBDRV) 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 DBDRV functions established under the Domestic Building Contracts Act 1995. The amount disclosed represents the VBA's share of the DBDRV levy. Consumer Affairs Victoria (CAV) is also legally entitled to a portion of the levy. Building permit levy-DBDRV 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 May 2022 following a Ministerial Agreement, the Consumer Affairs Victoria (CAV) is legally entitled to a fixed amount of the building-practitioner registration fees revenue.

**(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 May 2022 following a Ministerial Agreement, the Consumer Affairs Victoria (CAV) is legally entitled to a fixed amount of the building-corporate registration fees revenue.

**(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) Plumbing-compliance certificates fees**

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

**(j) 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).

**(k) Plumbing-examination fees**

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

**(l) 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 2024, the Department of Transport and Planning (DTP) provided a grant of \$4 million to fund the VBA Trusted Regulator Program; the Department of Energy, Environment and Climate Action (DEECA) provided grants of \$5.2 million (2023: \$23.0 million) to enable the VBA to finalise the work done in the statewide audit of buildings with combustible cladding as Municipal Building Surveyor (MBS), the Establishment of an Office of the State Building Surveyor and Strengthening Building Approvals.

	(\$'000)	
	2024	2023
<b>DTP and DEECA:</b>		
Trusted Regulator Program	4,000	-
Statewide Cladding Audit	-	4,250
Pathway to Cladding Remediation Program Activities	275	9,480
Automatic Mutual Recognition (AMR)	-	3,979
Establishment of an Office of the State Building Surveyor	1,060	1,219
Strengthening Building Approvals	3,860	4,076
<b>Total DTP and DEECA grant income</b>	<b>9,195</b>	<b>23,004</b>
<b>NON-DTP and DEECA:</b>		
Service Victoria - VBA Digital Tokens	150	150
Department of Treasury and Finance - Business Acceleration Fund	-	20
<b>Total NON-DTP and DEECA grant income</b>	<b>150</b>	<b>170</b>
<b>Total grant income</b>	<b>9,345</b>	<b>23,174</b>

### 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

The 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, the 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:

- contributions by owners, in accordance with AASB 1004
- 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
- a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

**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)

	2024	2023
Interest on bank deposits and investments	2,415	1,602
<b>Total interest income</b>	<b>2,415</b>	<b>1,602</b>

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

	Notes	2024	2023
Salaries and wages, annual leave and long service leave		65,152	59,942
Superannuation expense – defined contribution and benefit	3.1.2	6,333	5,750
Staff-related expenses		897	941
Fringe benefits tax		76	96
External staff (includes contractors)		8,471	10,797
<b>Total employee costs</b>		<b>80,929</b>	<b>77,526</b>

(\$'000)

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, the Department of Treasury and Finance (DTF) discloses in its annual financial statements the net defined benefit cost related to the members of these plans as an administered liability (on behalf of the State as the sponsoring employer).

### 3.1.1 Employee-related provisions

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

	(\$'000)	
	2024	2023
<b>Current provisions</b>		
<i>Annual leave</i>		
Unconditional and expected to settle within 12 months	1,498	1,505
Unconditional and expected to settle after 12 months	2,906	2,607
<i>Long service leave</i>		
Unconditional and expected to settle within 12 months	482	403
Unconditional and expected to settle after 12 months	2,965	2,687
<i>Provisions for on-costs</i>		
Unconditional and expected to settle within 12 months	352	319
Unconditional and expected to settle after 12 months	1,054	894
<b>Total current provisions</b>	<b>9,257</b>	<b>8,415</b>
<b>Non-current provisions</b>		
Employee benefits	2,277	1,903
On-Costs	417	327
<b>Total non-current provisions</b>	<b>2,694</b>	<b>2,230</b>
<b>Total provisions</b>	<b>11,951</b>	<b>10,645</b>

### Reconciliation of movement in on-cost provision

	(\$'000)	
	2024	2023
<b>Opening Balance</b>	<b>1,540</b>	<b>1,437</b>
Additional provisions recognised	1,027	988
Additions due to transfer in	78	2
Reductions due to transfer out	-	(43)
Reductions arising from payments/other sacrifices of future economic benefits	(777)	(794)
Unwind of discount and effect of changes in the discount rate	(45)	(50)
<b>Closing balance</b>	<b>1,823</b>	<b>1,540</b>
Current	1,406	1,213
Non-current	417	327

### **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 a conditional 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(s) provides benefits based on years of service and final average salary.

(\$'000)

	Paid contribution for the year		Contribution outstanding at year end	
	2024	2023	2024	2023
<b>Defined benefit plans<sup>(a)</sup>:</b>				
State Superannuation Fund	33	32	3	2
<b>Defined contribution plans:</b>				
Aware Super Fund (formerly known as VicSuper)	2,148	2,063	181	174
Australian Super	767	653	57	57
Hostplus Super Fund	394	366	30	28
CBUS Super	355	310	31	26
Vision Super	246	220	17	-
UniSuper	225	233	17	21
Rest Superannuation Fund	203	160	18	-
Care Super	187	176	15	-
Others	1,775	1,537	120	165
<b>Total</b>	<b>6,333</b>	<b>5,750</b>	<b>489</b>	<b>473</b>

Note:

(a) 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)

	2024	2023
Accommodation and utilities	1,463	1,447
Payments to DEECA for supporting the building policy function	1,658	1,563
Legal fees	2,103	2,025
IT services and records management expenses	4,202	5,848
Consultants	3,061	2,326
General office expenses	1,924	1,983
Printing and stationery	338	427
Motor vehicles and travel expenses	571	430
Insurance premiums	3,011	3,353
Regulatory events, seminars and meetings	214	118
External audit fees	62	60
Internal audit fees	186	225
Minor assets	86	192
Bad debts written off <sup>(a)</sup>	-	2,244
Provision for Impairment of Receivables	(10)	(2,279)
<b>Total other operating expenses</b>	<b>18,869</b>	<b>19,962</b>

Note:

(a) In 2023, the VBA revised its' policy in relation to debtor management. As a result of this change, there was a reassessment of matters which fell within the statute of limitations period and transfer of ownership to the Victorian courts, which resulted in a significant write off.

**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.

**3.3 GRANT PAYMENTS**

	(\$'000)	
	2024	2023
<b>Specific Purpose Grants</b>		
Australian Building Codes Board	1,043	1,043
Research grants	115	180
<b>Total grant payments</b>	<b>1,158</b>	<b>1,223</b>

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
<b>2024</b>			
Land at fair value	1,075	-	1,075
Buildings at fair value	840	(56)	784
Buildings-right-of-use at fair value	17,191	(11,271)	5,920
Plant, equipment and motor vehicles at fair value	6,202	(5,833)	369
Plant, equipment and motor vehicles-right-of-use at fair value	2,617	(581)	2,036
<b>Net carrying amount</b>	<b>27,925</b>	<b>(17,741)</b>	<b>10,184</b>
<b>2023</b>			
Land at fair value	1,075	-	1,075
Buildings at fair value	840	(28)	812
Buildings-right-of-use at fair value	12,062	(9,144)	2,918
Plant, equipment and motor vehicles at fair value	6,427	(5,934)	493
Plant, equipment and motor vehicles-right-of-use at fair value	2,402	(391)	2,011
<b>Net carrying amount</b>	<b>22,806</b>	<b>(15,497)</b>	<b>7,309</b>

#### 4.1.1 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
<b>2024</b>			
Buildings at fair value	17,191	(11,271)	5,920
Plant, equipment and motor vehicles	2,617	(581)	2,036
<b>Net carrying amount</b>	<b>19,808</b>	<b>(11,852)</b>	<b>7,956</b>
<b>2023</b>			
Buildings at fair value	12,062	(9,144)	2,918
Plant, equipment and motor vehicles	2,402	(391)	2,011
<b>Net carrying amount</b>	<b>14,464</b>	<b>(9,535)</b>	<b>4,929</b>

(\$'000)

	Buildings at fair value	Plant, equipment and vehicles at fair value
<b>Opening balance – 1 July 2023</b>	2,918	2,011
Additions	5,129	635
Disposals	-	(421)
Depreciation	(2,127)	(189)
<b>Closing balance – 30 June 2024</b>	<b>5,920</b>	<b>2,036</b>
<b>Opening balance – 1 July 2022</b>	4,836	1,066
Additions	141	1,063
Disposals	-	(43)
Depreciation	(2,059)	(75)
<b>Closing balance – 30 June 2023</b>	<b>2,918</b>	<b>2,011</b>

**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

The 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.

**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 in 2022, 2023 and 2024 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 2024, 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 2024.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. As the movement was less than 10% for land and buildings, a revaluation was not required for the financial year 30 June 2024. The fair value of land and buildings will continue to be subjected to market impacts.

The next full revaluation of VBA's land and buildings is due to be undertaken in 2025-26.

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

There were no changes in valuation techniques throughout the period to 30 June 2024.

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.

**4.1.2 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
<b>2024</b>				
<b>Balance at the beginning of the year</b>	<b>1,075</b>	<b>3,730</b>	<b>2,504</b>	<b>7,309</b>
Additions	-	5,129	838	5,967
Disposals/retirements	-	-	(284)	(284)
Revaluations <sup>(a)</sup>	-	-	-	-
Depreciation	-	(2,155)	(653)	(2,808)
<b>Balance at the end of the year</b>	<b>1,075</b>	<b>6,704</b>	<b>2,405</b>	<b>10,184</b>
<b>2023</b>				
<b>Balance at the beginning of the year</b>	<b>1,075</b>	<b>5,676</b>	<b>2,409</b>	<b>9,160</b>
Additions	-	141	1,116	1,257
Disposals/retirements	-	-	(301)	(301)
Revaluations <sup>(a)</sup>	-	-	-	-
Depreciation	-	(2,087)	(720)	(2,807)
<b>Balance at the end of the year</b>	<b>1,075</b>	<b>3,730</b>	<b>2,504</b>	<b>7,309</b>

Note:

(a) Fair value assessments have been performed for all classes of assets in this purpose group and the decision was made that movements were not material (less than or equal to 10 per cent) for a full revaluation. The next scheduled full revaluation for this purpose group will be conducted in 2026.

## 4.2 INTANGIBLE ASSETS

(\$'000)

	2024	2023
<b>Computer Software</b>		
<b>Gross carrying amount</b>		
Opening balance	20,853	17,571
Additions	3,404	3,282
<b>Closing balance</b>	<b>24,257</b>	<b>20,853</b>
<b>Accumulated amortisation and impairment</b>		
Opening balance	(11,456)	(8,863)
Amortisation	(2,449)	(2,593)
<b>Closing balance</b>	<b>(13,905)</b>	<b>(11,456)</b>
<b>Net book value at end of financial year</b>	<b>10,352</b>	<b>9,397</b>

### Initial recognition

**Purchased intangible assets** are initially recognised at cost. When the recognition criteria in AASB 138 *Intangible Assets* is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begin 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:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- 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.

The policy in connection with testing for impairment is outlined in note 4.3.

### Significant intangible assets

The VBA has capitalised software development expenditure for the development of its Building Activity Management System (BAMS) and the Building Practitioner Licencing and Registration System (BPLRS). The carrying amounts of the capitalised software development expenditure for BAMS is \$1.36 million in FY24 (2023: \$3.3 million), and for LRS is \$2.96 million in FY24 (2023: nil). Both assets have useful life of 7 years. BAMS will be amortised fully by 28 November 2028. BPLRS will be amortised fully by 28 February 2031.

### 4.3 DEPRECIATION AND AMORTISATION

(\$'000)

	Notes	2024	2023
Buildings	4.1.2	2,155	2,087
Plant, equipment and motor vehicles	4.1.2	653	720
Intangibles (amortisation)	4.2	2,449	2,593
<b>Total depreciation and amortisation</b>		<b>5,257</b>	<b>5,400</b>

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 included in the table below:

Asset	Useful Life
<b>Buildings:</b>	
-Building owned	40 years
-Buildings-right-of-use	5 - 7 years
<b>Motor vehicles:</b>	
-Motor vehicles-owned	3 - 5 years
-Motor vehicles-right-of-use	3 years
<b>IT equipment</b>	3 years
<b>Office machines and equipment</b>	10 years
<b>Software and intangibles</b>	3 - 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 are depreciated over the shorter of the lease term and the assets' useful lives. Where the 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)

	2024	2023
<b>Contractual</b>		
Other receivables	143	142
Allowance for impairment losses of contractual receivables	(64)	(121)
<b>Statutory</b>		
Building Practitioner Board fines and costs	481	442
Other receivables	43	54
GST input tax credit recoverable	825	889
Allowance for impairment losses of statutory receivables	(432)	(386)
<b>Total receivables</b>	<b>996</b>	<b>1,020</b>
<b>Represented by</b>		
Current receivables	996	1,020

**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 7.1.3.

**5.2 PAYABLES**

(\$'000)

	2024	2023
<b>Contractual</b>		
Supplies and services	3,336	2,274
<b>Statutory</b>		
Fringe Benefits Tax payable	65	65
Other taxes payable	198	235
<b>Total payables</b>	<b>3,599</b>	<b>2,574</b>
<b>Represented by</b>		
Current payables	3,599	2,574

**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 the 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)	
	2024	2023
Opening balance	12,659	8,229
Add: Payments received for performance obligations yet to be completed during the period	20,897	20,909
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(20,997)	(16,479)
<b>Total contractual liabilities</b>	<b>12,559</b>	<b>12,659</b>
<b>Represented by</b>		
Current contract liabilities	11,088	11,208
Non-current contract liabilities	1,471	1,451

Contract liabilities are deferred revenue representing 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 registrations are recognised over a period of three years from the date paid. Practitioner registration renewal fees (both building and plumbing) and licence renewal fees (plumbing) received relating to subsequent years are recognised at year-end as contract liabilities. Building permit levy received in bank at 30 June 2024, pending to be processed in Building Activity Management System on 1 July 2024 is recognised at year-end as contract liability.

**5.4 OTHER PROVISIONS**

(\$'000)

	2024	2023
<b>Current provisions</b>		
<i>Onerous contracts</i>	-	1,238
<b>Total current other provisions</b>	-	<b>1,238</b>
<b>Non-current provisions</b>		
<i>Make-good provision</i>	747	714
<b>Total non-current other provisions</b>	<b>747</b>	<b>714</b>
<b>Total other provisions</b>	<b>747</b>	<b>1,952</b>

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
<b>Opening balance 1 July 2023</b>	<b>714</b>	<b>1,238</b>	<b>1,952</b>
Additional provisions recognised	33	-	33
Reversal due to changes in the present obligation and the estimated benefits to be received	-	(1,238)	(1,238)
<b>Closing balance 30 June 2024</b>	<b>747</b>	<b>-</b>	<b>747</b>

(\$'000)

	Make-good	Onerous contracts	Total
<b>Opening balance 1 July 2022</b>	<b>686</b>	<b>936</b>	<b>1,622</b>
Additional provisions recognised	28	302	330
Reversal due to changes in the present obligation and the estimated benefits to be received	-	-	-
<b>Closing balance 30 June 2023</b>	<b>714</b>	<b>1,238</b>	<b>1,952</b>

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.

Present obligations arising under onerous contracts are recognised as a provision to the extent that the present obligation exceeds the estimated economic benefits to be received. This provision represents the present value of the future payments that the VBA is presently obligated to make in respect of onerous contracts under agreements.

## 5.5 OTHER NON-FINANCIAL ASSETS

(\$'000)

	2024	2023
<b>Current other assets</b>		
Prepayments	2,223	1,861
<b>Total current other assets</b>	<b>2,223</b>	<b>1,861</b>
<b>Total other non-financial assets</b>	<b>2,223</b>	<b>1,861</b>

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)

	2024	2023
Cladding rectification levy payable to CSV	9,618	11,339
DBDRV clearing	1,223	1,265
Domestic building list	451	442
Others	9	26
<b>Total other liabilities</b>	<b>11,301</b>	<b>13,072</b>

## 5.7 MATURITY ANALYSIS OF CONTRACTUAL FINANCIAL LIABILITIES AND OTHER LIABILITIES<sup>(a)</sup>

(\$'000)

2024	Carrying amount	Nominal amount	Less than 1 month	Maturity dates			
				1-3 months	3 months - 1 year	1-5 years	5+ years
<b>Payables:<sup>(b)</sup></b>							
Contract payables	3,336	3,336	3,335	3	(2)	-	-
Security deposits <sup>(c)</sup>	2,949	2,949	82	86	409	993	1,379
Other liabilities	11,301	11,301	11,301	-	-	-	-
<b>Total</b>	<b>17,586</b>	<b>17,586</b>	<b>14,718</b>	<b>89</b>	<b>407</b>	<b>993</b>	<b>1,379</b>

(\$'000)

2023	Carrying amount	Nominal amount	Less than 1 month	Maturity dates			
				1-3 months	3 months - 1 year	1-5 years	5+ years
<b>Payables:<sup>(b)</sup></b>							
Contract payables	2,274	2,274	2,256	23	3	(8)	-
Security deposits <sup>(c)</sup>	2,976	2,976	50	106	482	998	1,340
Other liabilities	13,072	13,072	13,072	-	-	-	-
<b>Total</b>	<b>18,322</b>	<b>18,322</b>	<b>15,378</b>	<b>129</b>	<b>485</b>	<b>990</b>	<b>1,340</b>

## Notes:

- (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)

	2024	2023
<b>Current interest-bearing liabilities</b>		
Lease liabilities <sup>(a)</sup>	1,918	2,731
<b>Total current interest-bearing liabilities</b>	<b>1,918</b>	<b>2,731</b>
<b>Non-current interest-bearing liabilities</b>		
Lease liabilities <sup>(a)</sup>	6,240	2,492
<b>Total non-current interest-bearing liabilities</b>	<b>6,240</b>	<b>2,492</b>
<b>Total interest-bearing liabilities</b>	<b>8,158</b>	<b>5,223</b>

Note:

(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)

2024	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Lease liabilities <sup>(a)</sup>	8,158	3,767	284	(441)	(283)	4,207
<b>Total</b>	<b>8,158</b>	<b>3,767</b>	<b>284</b>	<b>(441)</b>	<b>(283)</b>	<b>4,207</b>

(\$'000)

2023	Carrying amount	Nominal amount	Maturity dates			
			Less than 1 month	1-3 months	3 months - 1 year	1-5 years
Lease liabilities	5,223	5,067	213	425	1,944	2,485
<b>Total</b>	<b>5,223</b>	<b>5,067</b>	<b>213</b>	<b>425</b>	<b>1,944</b>	<b>2,485</b>

Note:

(a) In 2024, VBA entered into a new lease for office premises, which included a cash contribution from the landlord.

**6.1.2 Interest expense**

(\$'000)

	Note	2024	2023
Interest expense on lease liabilities	6.2.2	87	139
<b>Total interest expense</b>		<b>87</b>	<b>139</b>

Interest expense includes costs incurred in connection with the interest component of lease repayments and is recognised in the period in which it is incurred.

**6.2 LEASES**

The VBA leases buildings and vehicles. The building lease contract is 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 4.1.1.

**6.2.2 Amounts recognised in the comprehensive operating statement**

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

(\$'000)

	2024	2023
Interest expense on lease liabilities	87	139
<b>Total amount recognised in the comprehensive operating statement</b>	<b>87</b>	<b>139</b>

### 6.2.3 Amounts recognised in the cashflows statement

The following amounts are recognised in the cash flow statement relating to leases:

	(\$'000)	
	2024	2023
<b>Total cash outflow for leases</b>	<b>3,680</b>	<b>3,210</b>

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. 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)	
	2024	2023
Total cash and deposits disclosed in balance sheet	58,788	59,653
<b>Total cash and deposits</b>	<b>58,788</b>	<b>59,653</b>

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

	(\$'000)	
	2024	2023
<b>Net result for the year</b>	<b>1,140</b>	<b>8,894</b>
<b>Non-cash movements</b>		
Depreciation and amortisation of non-current assets	5,257	5,400
Net (gain)/loss on disposal of property, plant and equipment	(191)	(464)
<b>Movements in assets and liabilities:</b>		
(Increase)/decrease in receivables	24	307
(Increase)/decrease in prepayments	(362)	237
Increase/(decrease) in contract liabilities	(100)	4,430
Increase/(decrease) in payables	(1,129)	5,400
Increase/(decrease) in provisions	1,306	567
<b>Net cash flows from operating activities</b>	<b>5,945</b>	<b>24,771</b>

#### Financing facilities

	(\$'000)	
	2024	2023
<b>Credit card facility, reviewed annually and payable at call</b>		
Amount used	7	22
Amount unused	73	58
<b>Total</b>	<b>80</b>	<b>80</b>

## 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.

### 6.4.1 Total commitments payable

(\$'000)

Nominal amounts 2024	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	93	186	-	279
Other commitments payable	4,426	2,160	-	6,586
<b>Total commitments (inclusive of GST)</b>	<b>4,519</b>	<b>2,346</b>	<b>-</b>	<b>6,865</b>
Less: GST recoverable from the Australian Tax Office				(624)
<b>Total commitments (exclusive of GST)</b>				<b>6,241</b>

(\$'000)

Nominal amounts 2023	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	53	53	-	106
Other commitments payable	4,654	8,348	-	13,002
<b>Total commitments (inclusive of GST)</b>	<b>4,707</b>	<b>8,401</b>	<b>-</b>	<b>13,108</b>
Less: GST recoverable from the Australian Tax Office				(1,192)
<b>Total commitments (exclusive of GST)</b>				<b>11,916</b>

## 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 *Financial Instruments: Presentation*.

### 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.

### 7.1.1 Financial instruments: Categorisation

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

(\$'000)

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>2024</b>				
<b>Contractual financial assets</b>				
Cash and deposits	58,788	-	-	58,788
Receivables <sup>(a)</sup>	-	143	-	143
<b>Total contractual financial assets</b>	<b>58,788</b>	<b>143</b>	<b>-</b>	<b>58,931</b>
<b>Contractual financial liabilities</b>				
Contractual payables	-	-	3,336	3,336
Other liabilities	-	-	11,301	11,301
Interest-bearing liabilities	-	-	8,158	8,158
Security deposits	-	-	2,949	2,949
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>25,744</b>	<b>25,744</b>

(\$'000)

	Cash and deposits	Financial assets at amortised cost (AC)	Financial liabilities at amortised cost (AC)	Total
<b>2023</b>				
<b>Contractual financial assets</b>				
Cash and deposits	59,653	-	-	59,653
Receivables <sup>(a)</sup>	-	142	-	142
<b>Total contractual financial assets</b>	<b>59,653</b>	<b>142</b>	<b>-</b>	<b>59,795</b>
<b>Contractual financial liabilities</b>				
Contractual payables	-	-	2,274	2,274
Other liabilities	-	-	13,072	13,072
Interest-bearing liabilities	-	-	5,223	5,223
Security deposits	-	-	2,976	2,976
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>23,545</b>	<b>23,545</b>

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).

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

(\$'000)

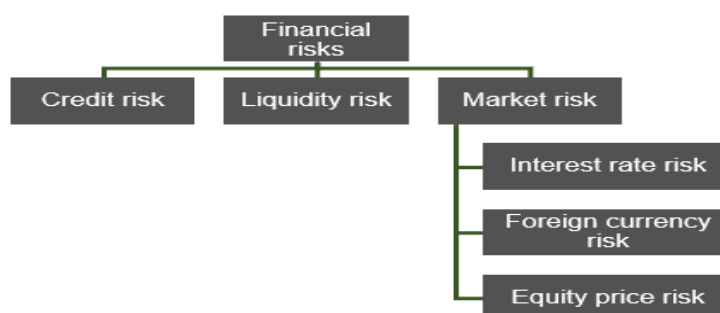
	Net holding gain/(loss)		Total interest income/(expense)		Total	
	2024	2023	2024	2023	2024	2023
<b>Contractual financial assets</b>						
Cash and deposits	-	-	2,415	1,602	2,415	1,602
<b>Total contractual financial assets</b>	<b>-</b>	<b>-</b>	<b>2,415</b>	<b>1,602</b>	<b>2,415</b>	<b>1,602</b>
<b>Contractual financial liabilities</b>						
Interest-bearing liabilities	-	-	(87)	(139)	(87)	(139)
<b>Total contractual financial liabilities</b>	<b>-</b>	<b>-</b>	<b>(87)</b>	<b>(139)</b>	<b>(87)</b>	<b>(139)</b>

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

The net holding gains or losses disclosed above are determined as follows:

- for cash and cash equivalents, financial assets at amortised cost and debt instruments that are classified as financial assets at fair value through other comprehensive income, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest income, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.
- for financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

### 7.1.3 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 7.1.

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 Commissioner.

The VBA's main financial risks include credit risk, liquidity risk and interest rate risk. The 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 refers to the possibility that a borrower will default on its financial obligations as and when they fall due. The VBA's 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 the contractual 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.

Except as otherwise detailed in the following table, 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 the VBA's credit risk profile in 2023-24.

### Credit quality of contractual financial assets that are neither past due nor impaired<sup>(a)</sup>

(\$'000)

2024	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (min triple-B credit rating)	Total
<b>Financial assets</b>					
Cash and deposits	58,788	-	-	-	58,788
Other Receivables	-	-	-	143	143
<b>Total financial assets</b>	<b>58,788</b>	<b>-</b>	<b>-</b>	<b>143</b>	<b>58,931</b>

(\$'000)

2023	Financial institutions (A+ credit rating)	Government agencies (triple-A credit rating)	Government agencies (triple-B credit rating)	Other (min triple-B credit rating)	Total
<b>Financial assets</b>					
Cash and deposits	59,653	-	-	-	59,653
Other Receivables	-	-	-	142	142
<b>Total financial assets</b>	<b>59,653</b>	<b>-</b>	<b>-</b>	<b>142</b>	<b>59,795</b>

Note:

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

### **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.

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

(\$'000)

	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>30 June 2024</b>						
Expected loss rate	10%	12%	15%	48%	100%	
Contractual Receivables	-	-	93	-	50	143
Gross carrying amount of receivables	-	-	93	-	50	143
<b>Loss allowance</b>	-	-	<b>14</b>	-	<b>50</b>	<b>64</b>

(\$'000)

	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
<b>30 June 2023</b>						
Expected loss rate	10%	12%	15%	48%	100%	
Contractual Receivables	24	-	-	-	118	142
Gross carrying amount of receivables	24	-	-	-	118	142
<b>Loss allowance</b>	<b>3</b>	-	-	-	<b>118</b>	<b>121</b>

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

(\$'000)

	2024	2023
<b>Balance at beginning of the year</b>	(121)	(199)
Decrease/(Increase) in provision recognised in the net result	57	78
<b>Balance at end of the year</b>	<b>(64)</b>	<b>(121)</b>

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts are considered as written off by mutual consent.

### Statutory receivables at amortised cost

The 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 a 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 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 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.

### Sensitivity disclosure analysis and assumptions

The VBA's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period, with all variables other than the primary risk variable held constant. The VBA cannot be expected to predict movements in market rates and prices. Sensitivity analyses shown are for illustrative purposes only. A movement of 50 basis points up and down (2023: 50 basis points up and down) in market interest rates (AUD) is 'reasonably possible' over the next 12 months.

The tables that follow show the impact on the VBA's net result and equity for each category of financial instrument held by the VBA at the end of the reporting period, if the above movements were to occur.

### 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)

2024	Interest rate exposure				
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial assets</b>					
Cash and deposits	4.40%	58,788	-	58,788	-
Receivables <sup>(a)</sup>	-	143	-	-	143
<b>Total financial assets</b>		<b>58,931</b>	<b>-</b>	<b>58,788</b>	<b>143</b>
<b>Financial liabilities</b>					
<b>Payables:</b>					
Contract payables	-	3,336	-	-	3,336
Other liabilities	-	11,301	-	-	11,301
Security deposits	-	2,949	-	-	2,949
<b>Interest-bearing liabilities:</b>					
Lease liabilities	2.15%	8,158	8,158	-	-
<b>Total financial liabilities</b>		<b>25,744</b>	<b>8,158</b>	<b>-</b>	<b>17,586</b>

(\$'000)

2023	Interest rate exposure				
	Weighted average interest rate %	Carrying amount	Fixed interest rate	Variable interest rate	Non-interest bearing
<b>Financial assets</b>					
Cash and deposits	2.86%	59,653	-	59,653	-
Receivables <sup>(a)</sup>		142	-	-	142
<b>Total financial assets</b>		<b>59,795</b>	<b>-</b>	<b>59,653</b>	<b>142</b>
<b>Financial liabilities</b>					
<b>Payables:</b>					
Contract payables		2,274	-	-	2,274
Other liabilities		13,072	-	-	13,072
Security deposits		2,976	-	-	2,976
<b>Interest-bearing liabilities:</b>					
Lease liabilities	2.66%	5,223	5,223	-	-
<b>Total financial liabilities</b>		<b>23,545</b>	<b>5,223</b>	<b>-</b>	<b>18,322</b>

**Note:**

(a) The carrying amounts disclosed here exclude statutory amounts (e.g. amounts owing from Victorian Government and GST input tax credit recoverable).

**Interest risk sensitivity**

(\$'000)

2024	Interest rate		
	Carrying amount	-50 basis points <sup>(a)</sup> Net result	+50 basis points <sup>(a)</sup> Net result
<b>Contractual financial assets</b>			
Cash and deposits	58,788	(294)	294
<b>Total impact</b>	<b>58,788</b>	<b>(294)</b>	<b>294</b>
<b>Contractual financial liabilities (Interest bearing liabilities)</b>			
Lease liabilities	8,158	(41)	41
<b>Total impact</b>	<b>8,158</b>	<b>(41)</b>	<b>41</b>

(\$'000)

2023	Interest rate		
	Carrying amount	-50 basis points <sup>(a)</sup> Net result	+50 basis points <sup>(a)</sup> Net result
<b>Contractual financial assets</b>			
Cash and deposits	59,653	(298)	298
<b>Total impact</b>	<b>59,653</b>	<b>(298)</b>	<b>298</b>
<b>Contractual financial liabilities (Interest bearing liabilities)</b>			
Lease liabilities	5,223	(26)	26
<b>Total impact</b>	<b>5,223</b>	<b>(26)</b>	<b>26</b>

*Note:*

(a) To align with the current market conditions, a revised market interest rate at +/- 50 basis points was applied in the interest risk sensitivity assessment during the 2023-24 financial year. In 2022-23 +/- 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)	
	2024	2023
Quantifiable claims <sup>(a)</sup>	1,768 to 3,350	2,124 to 3,755

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.

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

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

The following assets and liabilities are carried at fair value:

- 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.

## How this section is structured

For those assets and liabilities for which fair values are determined, the following disclosures are provided:

- carrying amount and the fair value (which would be the same for those assets measured at fair value)
- which level of the fair value hierarchy was used to determine the fair value:
  - in respect of those assets and liabilities subject to fair value determination using Level 3 inputs:
  - a reconciliation of the movements in fair values from the beginning of the year to the end
  - details of significant unobservable inputs used in the fair value determination.

This section is divided between disclosures in connection with fair value determination of financial assets and liabilities (refer to Note 7.3.1) and non-financial physical assets (refer to Note 7.3.2).

### 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 by the end of the 2023-24 reporting period.

These financial instruments include:

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

Where the fair value of the financial instruments is different from carrying amounts, the following information has been included to disclose the difference.

**Fair value of financial instruments measured at amortised cost**

(\$'000)

	Carrying amount 2024	Fair value 2024	Carrying amount 2023	Fair value 2023
<b>Financial Liabilities:</b>				
Finance lease liabilities	8,158	8,158	5,223	5,223

**7.3.2 Fair value determination of non-financial physical assets****Fair value measurement hierarchy**

(\$'000)

2024	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
Land at fair value:				
Non-specialised land	1,075	-	1,075	-
<b>Total of land at fair value</b>	<b>1,075</b>	<b>-</b>	<b>1,075</b>	<b>-</b>
Buildings at fair value:				
Non-specialised buildings	6,704	-	784	5,920
<b>Total of buildings at fair value</b>	<b>6,704</b>	<b>-</b>	<b>784</b>	<b>5,920</b>
Plant, equipment and vehicles at fair value:				
Vehicles <sup>(b)</sup>	2,106	-	-	2,106
Plant and equipment	299	-	-	299
<b>Total plant, equipment and vehicles at fair value</b>	<b>2,405</b>	<b>-</b>	<b>-</b>	<b>2,405</b>

(\$'000)

2023	Carrying amount	Fair value measurement at end of reporting period using:		
		Level 1 <sup>(a)</sup>	Level 2 <sup>(a)</sup>	Level 3 <sup>(a)</sup>
Land at fair value:				
Non-specialised land	1,075	-	1,075	-
<b>Total of land at fair value</b>	<b>1,075</b>	<b>-</b>	<b>1,075</b>	<b>-</b>
Buildings at fair value:				
Non-specialised buildings	3,730	-	812	2,918
<b>Total of buildings at fair value</b>	<b>3,730</b>	<b>-</b>	<b>812</b>	<b>2,918</b>
Plant, equipment and vehicles at fair value:				
Vehicles <sup>(b)</sup>	2,155	-	-	2,155
Plant and equipment	349	-	-	349
<b>Total plant, equipment and vehicles at fair value</b>	<b>2,504</b>	<b>-</b>	<b>-</b>	<b>2,504</b>

Note:

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

(b) Vehicles are categorised to Level 3 assets if the current replacement cost is used in estimating the 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 analysis, 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.

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

There were no changes in valuation techniques throughout the period to 30 June 2024.

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. The process of acquisition, use and disposal in the market is managed by experienced fleet manager in the VBA who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

### Reconciliation of Level 3 fair value movements

	(\$'000)		
	Vehicles	Plant & equipment	Buildings
<b>2024</b>			
<b>Opening balance</b>	<b>2,155</b>	<b>349</b>	<b>2,918</b>
Purchases/(sales)	390	164	5,129
Depreciation	(439)	(214)	(2,127)
<b>Closing balance</b>	<b>2,106</b>	<b>299</b>	<b>5,920</b>

	(\$'000)		
	Vehicles	Plant & equipment	Buildings
<b>2023</b>			
<b>Opening balance</b>	<b>1,709</b>	<b>700</b>	<b>4,836</b>
Purchases/(sales)	761	54	141
Depreciation	(315)	(405)	(2,059)
<b>Closing balance</b>	<b>2,155</b>	<b>349</b>	<b>2,918</b>

### Description of significant unobservable inputs to Level 3 valuations

2024 and 2023	Valuation technique	Significant unobservable inputs	Range
Buildings – right-of-use	Depreciated replacement cost	Over the lease term	5 to 7 years
Motor vehicles	Depreciated replacement cost	Useful life of vehicles	3 to 5 years
Plant and equipment	Depreciated replacement cost	Useful life of plant and equipment	3 to 10 years

Significant unobservable inputs have remained unchanged since June 2023.

## 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 results
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	Contributions by owners
8.11	Glossary of technical terms
8.12	Style conventions
8.13	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)	
	2024	2023
<b>Net gain/(loss) on non-financial assets</b>		
Net gain/(loss) on disposal of plant, equipment and motor vehicles	191	464
<b>Total net gain/(loss) on non-financial assets</b>	<b>191</b>	<b>464</b>
<b>Total other gains/(losses) from other economic flows</b>	<b>191</b>	<b>464</b>

### 8.2 ASSET REVALUATION RESERVE

	(\$'000)	
	2024	2023
Asset revaluation surplus <sup>(a)</sup>		
Balance at the beginning of financial year	745	745
Revaluation increments/(decrements)	-	-
<b>Balance at the end of financial year</b>	<b>745</b>	<b>745</b>
<b>Net changes in reserves</b>	<b>-</b>	<b>-</b>

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 were undertaken in 2022, 2023 and 2024. Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. As the movement was less than 10% for land and buildings no managerial revaluation was required. The next full revaluation will be 2025-26.

### 8.3 RESPONSIBLE PERSONS

The Government has introduced new governance arrangements to effectively deliver the ongoing reform program from 31 March 2024.

The new arrangements which have been announced by the Minister for Planning are:

- The appointment of Anna Cronin, the current Chief Executive Officer (CEO) as a new sole Commissioner from 31 March 2024 for a period of two years, until 31 March 2026, to replace the current Board. The intent of this change is to enable the VBA to move decisively and quickly to implement new approaches. The position will report directly to the Minister for Planning, The Hon. Sonya Kilkenny, to ensure that governance and accountability are of the highest standards.
- The establishment of two new advisory committees – one for building and one for plumbing – to support the new Commissioner.

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	
The Hon. Sonya Kilkenny MP, Minister for Planning	1 July 2023 – 30 June 2024
Accountable Officer	
Anna Cronin, Commissioner	31 March 2024 – 30 June 2024
Anna Cronin, CEO	1 July 2023 – 30 June 2024
Governing Board <sup>(a)</sup>	
Michelle McLean, Chief Commissioner	1 July 2023 – 30 September 2023
Justin Madden AM, Interim Chief Commissioner	1 October 2023 – 30 March 2024
Justin Madden AM, Deputy Chief Commissioner	1 July 2023 – 30 September 2023
Kelly Humphreys, Commissioner	1 July 2023 - 30 March 2024
Murray Coleman OAM, Commissioner	1 July 2023 - 30 March 2024
Dr Gillian Sparkes AM, Commissioner <sup>(b)</sup>	1 July 2023 - 30 March 2024
Thu-Trang Tran, Commissioner	1 July 2023 - 30 March 2024
Simon Weir, Commissioner	1 July 2023 - 30 March 2024
Yvonne von Hartel AM, Commissioner	1 July 2023 - 30 September 2023
Carmel Coate, Commissioner	1 July 2023 - 30 September 2023
Dr Julia Cornwell McKean, Commissioner	1 July 2023 - 30 September 2023
Salvatore Torre, Commissioner	1 July 2023 - 30 September 2023

Note:

(a) The VBA Board was dissolved on 30 March 2024 and new governance arrangements were introduced on 31 March 2024 appointing the current CEO Anna Cronin as a new sole Commissioner for a period of two years, until 31 March 2026.

(b) Dr Gillian Sparkes AM is the Commissioner for Environmental Sustainability Victoria, a member of Monash University Council (Ministerial appointment since 1 January 2024), and received nil remuneration from the VBA in 2023-24.

## Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2024. 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:

	2024	2023
<b>Income band (\$)</b>	<b>no.</b>	<b>no.</b>
0,000 – 9,999	1	1
10,000 - 19,999	4	-
20,000 - 29,999	1	1
30,000 - 39,999	4	-
40,000 - 49,999	-	9
50,000 – 59,999	1	-
80,000 - 89,999	-	2
490,000-499,999	1	-
740,000 - 749,999	-	1
<b>Total number of responsible persons</b>	<b>12</b>	<b>14</b>

(\$'000)

	2024	2023
<b>Total remuneration received, or due and receivable by Responsible Persons from the VBA services for the financial period:</b>	<b>751</b>	<b>1,298</b>

## 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.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of senior executive service members retired, resigned or were retrenched in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

(\$'000)

Remuneration of Executive Officers	Total remuneration	
	2024	2023
<b>(Including key management personnel (KMP) disclosed in note 8.5)</b>		
Short-term employee benefits	3,505	2,414
Post-employment benefits	280	205
Other long-term benefits	134	73
<b>Total remuneration</b>	<b>3,919</b>	<b>2,692</b>
<b>Total number of executives<sup>(a)</sup></b>	<b>13</b>	<b>9</b>
<b>Total annualised employee equivalents<sup>(b)</sup></b>	<b>11</b>	<b>8</b>

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 Ministers and their close family members.

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

### Significant transactions with government-related entities

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

The VBA received funding from DTP and DEECA of \$4 million and \$5.2 million respectively (2023: nil and \$23.0 million respectively) – 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 2024 to CSV is \$ 9.6 million (2023: \$11.3 million) - Refer to Note 5.6 Other liabilities.

Other amounts payable to government-controlled entities including the Consumer Affairs Victoria's share of the building levy of \$1.2 million (2023: \$1.3 million), and the Department of Justice and Community Safety's share of the building practitioner registration fees of \$0.5 million (2023: \$0.4 million).

## Notes to the Financial Statements

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

	(\$'000)	
Government-related entities	2024	2023
Cladding Safety Victoria <sup>(a)</sup>	105,329	91,997
Consumer Affairs Victoria <sup>(b)</sup>	16,734	14,873
Department of Justice and Community Safety <sup>(c)</sup>	5,842	5,311
Department of Energy, Environment and Climate Action (DEECA) <sup>(d)</sup>	1,658	1,618
Victorian Managed Insurance Authority <sup>(e)</sup>	3,256	3,682
Other departments and agencies <sup>(e)</sup>	2,071	2,387
<b>Total aggregate transactions</b>	<b>134,890</b>	<b>119,868</b>

**Notes:**

- (a) This represents the remittance of cladding rectification levy to Cladding Safety Victoria.
- (b) This represents the Consumer Affairs Victoria's share of the building levy.
- (c) This represents the Department of Justice and Community Safety's share of the domestic building practitioner registration fees.
- (d) Supports the policy function of the Department and other miscellaneous services.
- (e) 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 2023 - 30 June 2024
Katrina Excell, Chief Corporate Services Officer and Chief Finance Officer	1 July 2023 - 30 June 2024
Todd Bentley, Chief Strategy and Risk Officer	1 July 2023 - 30 June 2024
John Sullivan, Chief Governance Officer	1 July 2023 - 30 June 2024
Ann King, Chief Operations Officer	1 July 2023 – 30 June 2024
Marg Burge, Chief People Officer	21 February 2024 – 30 June 2024
Karen Wild, Chief People Officer (on leave)	1 July 2023 – 14 March 2024
Lee Scales, Acting Chief People Officer	1 July 2023 – 2 February 2024
Lucy Barker, Acting Chief People Officer	3 February 2024 – 3 March 2024
David Black, Executive Director Digital	1 July 2023 – 30 June 2024
Mark Kealy, Executive Director Change and Reform	1 July 2023 – 30 June 2024
Nicole Swift, Executive Director Communications and Media	3 July 2023 – 30 June 2024
Brendan Reilly, Acting General Counsel	1 July 2023 – 30 June 2024

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

	(\$'000)	
Compensation of KMP	2024	2023
Short-term employee benefits	4,130	3,511
Post-employment benefits	382	279
Other long-term benefits	158	200
<b>Total</b>	<b>4,670</b>	<b>3,990</b>

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 the Victorian Government Purchasing Board requirements.

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)	
	2024	2023
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	62	60
<b>Total remuneration of auditors</b>	<b>62</b>	<b>60</b>

### 8.7 SUBSEQUENT EVENTS

There have been no significant or material events since the balance date to the date of approval of the financial report that require adjustments to the amounts reported and disclosures made in the financial report.

## 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 2023-24 reporting period. These accounting standards have not been applied to the VBA Financial Statements.

### ***AASB 2022-10 Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities.***

AASB 2022-10 amends AASB 13 Fair Value Measurement by adding authoritative implementation guidance and illustrative examples for fair value measurements of non-financial assets of not-for-profit public sector entities not held primarily for their ability to generate net cash inflows.

Among other things, the Standard:

- specifies that an entity needs to consider whether an asset's highest and best use differs from its current use only when it is held for sale or held for distributions to owners under AASB 5 Non-current Assets Held for Sale and Discontinued Operations or if it is highly probable that it will be used for an alternative purpose
- clarifies that an asset's use is 'financially feasible' if market participants would be willing to invest in the asset's service capacity, considering both the capacity to provide needed goods or services and the resulting costs of those goods and services
- specifies that if both market selling price and some market participant data required to fair value the asset are not observable, an entity needs to start with its own assumptions and adjust them to the extent that reasonably available information indicates that other market participants would use different data
- provides guidance on the application of the cost approach to fair value, including the nature of costs to be included in a reference asset and identification of economic obsolescence.

This Standard applies prospectively to annual periods beginning on or after 1 January 2024, with earlier application permitted.

The VBA is currently in the process of assessing the potential impact of this standard and amendments.

A number of other standards and amendments have also been issued that apply to future reporting periods, however they are not expected to have any significant impact on the financial statements in the period of initial application.

## 8.9 SECURITY DEPOSITS

	(\$'000)	
	2024	2023
Security deposits	2,949	2,976
<b>Total security deposits</b>	<b>2,949</b>	<b>2,976</b>

Under section 22 of the Building Act 1993 and regulation 48 of the Building Regulations 2018, 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 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.

The VBA received nil funding in 2024 and (2023: \$2.18 million) from DEECA as contributed capital.

## 8.11 GLOSSARY OF TECHNICAL TERMS

The following is a summary of the major technical terms used in this report.

### Actuarial gains or losses on superannuation defined benefit plans

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.

### Finance lease

Finance lease is a lease that transfers substantially all the risks and rewards incidental to ownership of an underlying asset.

### Financial asset

A financial asset is any asset that is either:

- (a) cash
- (b) an equity instrument of another entity
  - a contractual 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.
- (c) a financial asset can also be a contract that will or may be settled in the entity's own equity instruments and is either:
  - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments
  - 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 either:

- 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
- a contract that will or may be settled in the entity's own equity instruments and is either:
  - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments
  - 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.

### Grant payments

Grant payments are transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes.

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.

### 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

Interest expense represents 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

Leases are rights 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 result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of revenue, gains and expenses (including losses) recognised for the period, excluding those classified as 'other non-owner movements in equity'.

### Net worth

Net worth is calculated as 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).

**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**

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.

**8.12 STYLE CONVENTIONS**

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

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 2023-24 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.

**8.13 OTHER ACCOUNTING POLICIES****Goods and Services Tax (GST)**

AASB Interpretation 1031 provides that revenue, expenses and assets must be recognised, net of the amount of GST, except where GST relating to the expenditure items is not recoverable from the taxation authority, in which case the item is recognised GST inclusive.

Receivables and payables shall be stated with the amount of GST included.

The gross amount of GST recoverable from, or payable to, the taxation authority shall be included as part of either receivables or other liabilities in the balance sheet.

The GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the taxation authority shall be classified as operating cash flows and will be included in receipts from customers or payments to suppliers, as appropriate.

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# 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.

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FRD 29	Workforce data disclosures	162-164
SD 5.2	Specific requirements under Standing Direction 5.2	2
<b>Compliance attestation and declaration</b>		
SD 5.1.4	Attestation of compliance with Ministerial Standing Direction	2
SD 5.2.3	Declaration in report of operations	2
<b>Financial and other information</b>		
SD 5.2.2	Declaration in financial statements	95
<b>Other requirements under Standing Directions 5.2</b>		
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	103
SD 5.2.1(a)	Compliance with Standing Directions	2
SD 5.2.1 (b)	Compliance with Model Financial Report	155
<b>Other disclosures as required by FRDs in notes to the financial statements</b>		
FRD 11	Disclosure of ex gratia expenses	N/A
FRD 21	Disclosure of responsible persons, executive officers and other personnel (contractors with significant management responsibilities) in the financial report	145
FRD 103	Non-financial physical assets	114, 141-142
FRD 110	Cash flow statements	101
FRD 112	Defined benefit superannuation obligations	111
FRD 114	Financial instruments – general government entities and public non-financial corporations	131-135

*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.*

# Appendix B

## People data

Table 19: Performance against occupational health and safety management measures

Measure	Key performance indicator	2023-24	2022-23
Incidents and injuries <sup>26</sup>	Number of incidents	73	71
	Incident rate per 100 FTE (%)	14.7	15.3
	Number of incidents requiring first aid and/or further medical treatment	6	8
	Number of injuries	31	31
	Injury rate per 100 FTE (%)	6.2	6.7
	Total recordable injury frequency rate (TRIFR)	3.72	4.54
	Medical treated injury frequency rate (MTIFR)	1.86	0.91
	Lost time injury frequency rate (LTIFR)	1.86	3.63
Claims	Number of standard claims <sup>27</sup>	4	5
	Rate per 100 FTE (%)	0.8	1
	Number of lost time claims	2	5
	Rate per 100 FTE (%)	0.4	1
	Number of claims exceeding 13 weeks	3	3
	Rate per 100 FTE (%)	0.6	0.65
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim (\$)	\$16,134	\$48,624
Return to work (RTW)	Percentage of claims with RTW plan <30 days	0	0
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	6	8

<sup>26</sup>Data sourced from the VBA's WorkCover insurer, Allianz, on behalf of the Victorian WorkCover Authority and refers to accepted claims only.

<sup>27</sup>Incidents and injuries include all recordable work-related incidents and near misses, reported by VBA employees and contractors.

Table 19: Performance against occupational health and safety management measures (continued)

Measure	Key performance indicator	2023-24	2022-23
Risk management	Percentage of internal audits/inspections conducted as planned (%)	100	100
	Percentage of reported incidents investigated (%) <sup>28</sup>	100	100
	Number of improvement notices issued across the VBA by WorkSafe Inspector	1	1
	Percentage of issues identified and actioned arising from:		
	• internal audits (%)	100	100
	• HSR provisional improvement notices (PINs) (%)	100	100
	• WorkSafe notices (%)	100	100
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) (%)	100	90
	• retraining (annual refresher) (%)	0 <sup>29</sup>	0

<sup>28</sup>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.

<sup>29</sup>HSR refresher training is optional. No HSR requested refresher training in 2023-24.

## Public sector values, employment and conduct principles

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 accountabilities without discrimination.

The VBA's commitment to the public sector values is evident in the maintenance and ongoing development of a robust integrity framework. The Unit 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 95 such enquiries or concerns during 2023-24.

During 2023-24, the Risk, Audit and Finance Committee and then the Executive Leadership Team oversaw the operation of the Conflict of Interest and the Gifts, Benefits and Hospitality policies.

## Workforce inclusion

The VBA fosters an inclusive culture where equal opportunity and diversity are valued. As of 30 June 2024, 45.8 per cent of the VBA identified as women, 53.5 per cent as men and 0.7 per cent self-described. The VBA Executive Leadership Team was comprised of 40 per cent women and 60 per cent men.

The VBA promotes and supports flexible working arrangements. During 2023-24, six employees accessed purchased leave, 42 (eight per cent) employees (ongoing and fixed term) worked part time across all grades (VPS 2 to 7), a two per cent increase compared to 2022-23. Seventy-six per cent of VBA's employees working part time are female.

**Table 20: Details of employment levels in June 2024**

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the VBA employed as at 30 June 2024.

		All employees <sup>30</sup>		Ongoing <sup>31</sup>			Fixed-term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	<b>Gender</b>							
	Women	232	221.3	172	24	188.6	36	32.7
	Men	271	266.8	227	8	231.4	36	35.4
	Self-described	3	3	3	-	3	-	-
	<b>Age</b>							
	15-24	6	5.5	4	1	4.5	1	1.0
	25-34	79	76.8	62	2	63.0	15	13.8
	35-44	167	162.2	136	15	146.8	16	15.4
	45-54	124	119.7	101	8	105.70	15	14.0
	55-64	104	103.0	83	2	84.3	19	18.7
65+	26	23.9	16	4	18.6	6	5.2	
Classification data	<b>VPS 1-6 grades</b>							
	VPS 1	-	-	-	-	-	-	-
	VPS 2	82	77.6	58	8	62.9	16	14.7
	VPS 3	61	59.0	49	4	51.6	8	7.4
	VPS 4	53	51.8	45	3	46.8	5	5.0
	VPS 5	188	184.0	164	11	171.2	13	12.8
	VPS 6	75	72.0	59	5	62.8	11	9.2
	<b>Senior employees</b>							
	Senior Technical Specialists (STS)	32	31.7	27	1	27.7	4	4.0
	Executives	15	15	-	-	-	15	15.0
<b>Total employees</b>	<b>506</b>	<b>491.1</b>	<b>402</b>	<b>32</b>	<b>423.0</b>	<b>72</b>	<b>68.1</b>	

<sup>30</sup>This table excludes people engaged as contractors.

<sup>31</sup>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 21: Details of employment levels in June 2023**

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the VBA employed as at 30 June 2023.

		All employees <sup>32</sup>		Ongoing <sup>33</sup>			Fixed-term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	<b>Gender</b>							
	Women	242	234.3	172	22	187.3	48	47
	Men	268	264.9	213	7	217.1	48	47.8
	Self-described	3	3	3	0	3	0	0
	<b>Age</b>							
	15–24	12	10.3	4	3	5.3	5	5
	25–34	102	101.1	76	4	79.1	22	22
	35–44	143	137.7	113	12	120.7	18	17
	45–54	132	130.3	105	6	109.5	21	20.8
	55–64	102	101.6	74	2	75.6	26	26
65+	22	21.2	16	2	17.2	4	4	
Classification data	<b>VPS 1–6 grades</b>							
	VPS 1	0	0	0	0	0	0	0
	VPS 2	101	97.3	59	8	64.2	34	33.1
	VPS 3	58	56.4	42	5	45.4	11	11
	VPS 4	72	70.2	61	5	64.2	6	6
	VPS 5	170	167.4	152	6	155.7	12	11.7
	VPS 6	68	66.9	54	5	57.9	9	9
	<b>Senior employees</b>							
	Senior Technical Specialists (STS)	27	27	20	0	20	7	7
	Executives	17	17	0	0	0	17	17
<b>Total employees</b>	<b>513</b>	<b>502.2</b>	<b>388</b>	<b>29</b>	<b>407.4</b>	<b>96</b>	<b>94.8</b>	

<sup>32</sup>This table excludes people engaged as contractors.

<sup>33</sup>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, categorised by classification. The salary amount is reported as the full-time annualised salary.

<b>Income band (salary)</b>	<b>Executives (TRP)</b>	<b>STS (base salary plus super)</b>
< \$160,000		1
\$160,000–\$179,999		4
\$180,000–\$199,999		18
\$200,000–\$219,999		2
\$220,000–\$239,999		4
\$240,000–\$259,999	1	3
\$260,000–\$279,999	4	
\$280,000–\$299,999	1	
\$300,000–\$319,999		
\$320,000–\$339,999	3	
\$340,000–\$359,999		
\$360,000–\$379,999		
\$380,000–\$399,999	1	
\$400,000–\$419,999	2	
\$420,000–\$439,999	1	
\$440,000–\$459,999	2	
<b>Total</b>	<b>15</b>	<b>32</b>

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**Table 23: Executive profile<sup>34</sup>**

Income band (salary)	2023–24			2022–23		
	Men	Women	Self-described	Men	Women	Self-described
CEO	-	1	-	-	1	-
Executive officers	9	5	-	11	5	-
<b>Total</b>	<b>9</b>	<b>6</b>	<b>-</b>	<b>11</b>	<b>6</b>	<b>-</b>

<sup>34</sup>All figures show employment levels at the last full pay period in June 2024 and the corresponding period in 2022–23.

**Table 24: Reconciliation of executive numbers**

	2023–24	2022–23
Executives with total remuneration over \$100,000	14	16
Vacancies	2	1
Executives with total remuneration below \$100,000	-	-
Accountable officer (CEO)	1	1
<b>Total</b>	<b>17</b>	<b>18<sup>35</sup></b>

<sup>35</sup>Adjusted from 2022–23 Annual Report to include vacancy.

# 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 Act, 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 D is current as at 30 June 2024.** 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: Building Practitioner Discipline outcomes (Individuals)**

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
LANGFORD-JONES, Bruce	DB-U 2907	Holding office in a company under external administration.	Registration conditions limiting live concurrent building jobs to two, for 18 months.	-	21/07/2023
FEHRING, Campbell	DB-U 46683	Holding office in a company under external administration.	Cancellation of registration.	-	02/08/2023
VAN ZANTEN, Paul Albert	DB-U 25426	Being insolvent under administration.	Cancellation of registration.	-	02/08/2023
KIRBY, David	DB-U 68771 DB-L 26204	Holding office in a company under external administration.	Registration conditions limiting live concurrent building jobs to two, for two years.	-	17/08/2023
JAKUBZIK, Michael	IN-U 41384	Failing to perform work as a building practitioner in a competent manner and to a professional standard by approving a temporary swimming pool barrier which was climbable.	Reprimand and penalty of \$4,000 (VCAT resolution).	\$4,000	23/08/2023
DENNERT, Wayne	DB-U 31703	Being given a breach of dispute resolution order notice in respect of a site at Lovely Banks.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years, until notice cancelled.	\$4,000	24/08/2023
MCBRIDE, George	DB-U 38624	Being given a breach of dispute resolution order notice in respect of a site at Ocean Grove.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years, until notice cancelled.	\$4,000	29/08/2023
MATTHEE, Jensa	DB-L 45056	Director responsible for company (Adalvue Pty Ltd) conduct— building at two sites in Port Melbourne without required domestic building insurance, under non-compliant statutory contract, taking moneys without required insurance in place, taking progress payments before they are due, building while unregistered and building without permit (one site) – pattern of incompetence.	Reprimands, requirement to complete training, registration suspended for 12 months, registration cancelled and disqualified for at least 12 months and thereafter for the earlier of three years or training being completed.	-	08/09/2023
SAMMUT, Peter	DB-L 45056	Holding office in a company under external administration.	Cancellation of registration.	-	11/09/2023
BRAAKSMA, William	DB-U 44030	Holding office in a company under external administration.	Cancellation of registration.	-	11/09/2023
YE, Jing	DB-U 41269	Holding office in a company under external administration.	Cancellation of registration.	-	11/09/2023
FOY, Daniel	IN-L 41054	Failing to perform work as a building practitioner in a competent manner and to a professional standard in approving swimming pool inspections (precautions, excavations) when at the time there was no barrier erected and the fiberglass pool had already been installed.	Reprimand, suspension for two months and an ongoing condition for no more pool inspections.	-	13/09/2023
Subject to VCAT review					

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
PETRYSHYN, Adam	BS-U 41429	Issuing a building permit without having first obtained a building permit number and contravening code of conduct (communication/correction of records).	Reprimand and aggregate penalties of \$2,000.	\$2,000	28/09/2023
DOWELL, Leonard	BS-U 1112 IN-U 1096	Issuing a building permit without regard to ministerial guideline (prohibited combustible cladding) and failing to ensure sufficient information to show compliance of combustible cladding material for use on Class 2 building.	Reprimand, penalty of \$13,869 and registration condition for no new appointments or permits for new buildings in classes 2 to 9 for 18 months (VCAT resolution).	\$13,869	30/10/2023
FAKHRY, Anwar	BD-L 28905	Failing to build (demolish) in accordance with the building permit, failing to call for two mandatory stage inspections and failing to perform work as a building practitioner in a competent manner and to a professional standard - not a fit and proper person.	Reprimands, penalties of \$27,000 capped at \$18,000, requirement for training, suspension of registration for 12 months, cancellation of registrations and disqualified for at least 18 months and thereafter the earlier of three years or training being completed.	\$18,000	27/11/2023
ARNOT, James	CB-L 39943	Failing to call for a mandatory stage inspection for a site at Footscray.	Reprimand and penalty of \$3,000.	\$3,000	18/12/2023
BISCHOFF, John	DB-U 18115 CB-L 40057	Holding office in a company under external administration.	Registration condition for two years to disclose external administration and provide such particulars upon request.	-	12/01/2024
TROON, Steven	CB-U 3354	Failing to notify a mandatory stage inspection, in relation to a site in Bairnsdale.	Reprimand and penalty of \$6,000	\$6,000	25/01/2024
NI, Mao	CB-L 43972	Failing to notify a mandatory stage inspection, in relation to a site in Melbourne.	Reprimand and a penalty of \$3,000	\$3,000	06/02/2024
HOLDING, Matthew	BD-L 33297	Failing to notify a mandatory stage inspection, in relation to a site in Essendon North.	Reprimand and a penalty of \$1,000	\$1,000	28/02/2024
MADDEN, Ronald	CB-U 3252	Undertaking building work comprising the conversion/renovation of an allied health centre in Melton; and renovation/construction of a motel in Kyneton, when no building permits had been issued.	Two reprimands, requirement for training in addition to a partial suspension of registration for four months (no new permits).	-	07/03/2024
PEARSON, Randall	CB-L 37753 DB-U 29152	Engaging in unprofessional conduct by participating in licence lending, providing false and misleading materials to building surveyors, producing/procuring fraudulent/false & misleading documents, breaching disclosure requirements to his domestic building warranty insurer (including as to commencement of criminal and civil proceedings). Not a fit and proper person.	Reprimands, cancellation of registrations and disqualified for 3 years from obtaining registration in any category and class and from being a nominee director.	-	19/03/2024
Subject to VCAT review.					

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Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
NDJEKA, Onoya  Subject to VCAT review.	BS-L 34559 IN-U 20756	Acting negligently by having: issued a building permit for change of use of a restaurant building to accommodation when could not have been satisfied the building permit and work would comply with building legislation, approved a final inspection when the building work was non-compliant, issued an occupancy permit when the building was unsuitable and unsafe; failed to lodge building and occupancy permit documents with council within time, lodged a misleading document with council and failed to comply with Building Surveyor's Code of Conduct by failing to respond or act when serious life-safety issues were identified. Not a fit and proper person.	Cancellation of registrations (with interim partial suspension for Building Surveyor Limited registration to enable transfer of existing appointments), disqualified from obtaining registration in either class for 3 years, penalty (capped) of \$25,000 and a reprimand.	\$25,000	29/03/2024
LOUPASAKIS, Emmanuel	DB-U 31556	Holding office in a company which is under external administration.	Registration cancelled	-	05/04/2024
JAMES, Michael	DB-U 72010	Holding office in a company which is under external administration.	Registration cancelled	-	05/04/2024
ZAMMIT, David	DB-U 40416	Holding office in a company which is under external administration.	Registration cancelled	-	05/04/2024
SEARLE, Todd	DB-U 60627	Holding office in a company under external administration. Engaging in unprofessional conduct as nominee director by allowing the company to take deposits without domestic building insurance. Failing to ensure the company performed work in a competent manner and to a professional standard by allowing company to contravene terms of major domestic building contract in taking money from owners prior to insurance being obtained.	Reprimand, penalty of \$5,000, cancellation of registration and disqualified from obtaining registration in any class within the category of builder for 18 months.	\$5,000	15/04/2024
AYRANCI, Seyit Ali	DB-U 40962	Nominee director of corporate practitioner (Aycon) – allowing the company to produce false documents to building surveyors and build without required domestic building insurance. Unprofessional conduct, not fit and proper person. (Based on sample of 10 sites.)	31 reprimands, aggregate penalties (capped) of \$250,000, cancellation of registration and disqualified for 3 years from obtaining registration.	\$250,000	06/06/2024

<sup>36</sup>Monetary penalties have been rounded to the nearest dollar.

<sup>37</sup>The date of decision shown is the date the decision was made by the VBA's original decision maker or, where the Practitioner sought an Internal Review, the date of any subsequent decision by the VBA's internal reviewer

**Table 26: Building Practitioner Discipline outcomes (Company)**

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
Watkins Building Group Pty Ltd	CDB-U 61757	Being given a breach of dispute resolution order notice in respect of a site at Hadfield.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years until notice cancelled. (Authority subsequently notified BODRON cancelled)	\$4,000	06/07/2023
A I Projects Pty Ltd	CDB-U 54569	Failing to perform work as a building practitioner in a competent manner and to a professional standard in failing to call for a mandatory stage inspection and progressing work substantially beyond the stage, in respect of a site at Craigieburn.	Reprimand and penalty of \$6,000.	\$6,000	18/07/2023
Geelong Sheds Pty Ltd	CDB-U 59673	Being given a breach of dispute resolution order notice in respect of a site at Geelong West.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years or until notice cancelled.	\$4,000	17/08/2023
Bahl Enterprises Pty Ltd	CDB-U 50418	Being given a breach of dispute resolution order notice, in respect of a site at Aberfeldie.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years until notice cancelled.	\$4,000	24/08/2023
Black & White Building Surveying Services Pty Ltd	CBS-U 61050	Issuing a building permit (swimming pool and barrier) without justification (barrier not identified) and failing to perform work as a building practitioner in a competent manner and to a professional standard in accepting inspection certificates for two mandatory stages where accompanying photographs showed non-compliance and no enforcement action taken.	Reprimand, aggregate penalties of \$8,000, registration condition for initialing of inspection certificates.	\$8,000	21/09/2023
Vaastu Homes Pty Ltd	CDB-U 65147	Given a breach of dispute resolution order Notice, in relation to a site at Rockbank.	Reprimand and suspension of registration for up to three years, until notice cancelled.	-	30/10/2023
Bryce Parker Homes Pty Ltd	CDB-U 54134	Failing to comply with a Written DTF building work, in respect of a site at Armstrong Creek.	Reprimand.	-	08/11/2023
PH Homes Pty Ltd	CDB-U 58550	Given a breach of dispute resolution order Notice, in relation to a site at Melton South.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years, until notice cancelled.	\$4,000	09/11/2023
Makal Constructions Pty Ltd	CDB-U 61768	Given a breach of dispute resolution order Notice, in relation to a site in Pakenham.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years, until notice cancelled.	\$4,000	09/11/2023

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Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
C.A. Property Group Pty Ltd	CCB-L 54317 CDB-U 59035	Failing to notify a mandatory stage Inspection, in respect of a site at Broadmeadows.	Reprimand and penalty of \$3,000.	\$3,000	17/11/2023
Huon Homes Pty Ltd	CDB-U 53693	Failing to notify a mandatory stage Inspection, in respect of a site at Wodonga.	Reprimand and penalty of \$2,000.	\$2,000	21/11/2023
Vicbuild Developments Pty Ltd	CCB-L 59082	Failing to perform building work in a competent manner and to a professional standard at Broadmeadows by failing to call for mandatory stage inspections (frame) without delay and progressing works beyond frame when no inspections had been undertaken or approved.	Reprimand and penalty of \$7,000.	\$7,000	28/11/2023
Virgon Constructions Pty Ltd	CDB-U 50090	Failing to call for a mandatory stage inspection for a site at Blairgowrie.	Reprimand penalty of \$2,000.	\$2,000	05/12/2023
Wave Demolition Pty Ltd	CBD-L 71690	Failing to notify a mandatory stage Inspection, in respect of a site at Clyde North.	Reprimand and penalty of \$2,500.	\$2,500	05/12/2023
Wave Demolition Pty Ltd	CBD-L 71690	Failing to notify a mandatory stage Inspection, in respect of a site at Blairgowrie.	Reprimand and penalty of \$2,500.	\$2,500	05/12/2023
Wave Demolition Pty Ltd	CBD-L 71690	Failing to notify a mandatory stage Inspection, in respect of a site at Capel Sound.	Reprimand and penalty of \$2,500.	\$2,500	05/12/2023
Eastern Victoria Construction Group	CDB-U 64603 CCB-U 60791	Failing to comply with a DTF building work within the period specified, in respect of a site at Bairnsdale.	Reprimand and requirement for training.	-	11/12/2023
Watkins Building Group Pty Ltd	CDB-U 61757	Given a breach of dispute resolution order Notice, in respect of a site at Deanside.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years, until notice cancelled.	\$4,000	18/12/2023
Makal Constructions Pty Ltd	CDB-U 61768	Being given a breach of dispute resolution order Notice, in relation to a site in Beaconsfield.	Reprimand, penalty of \$4,000 and suspension of registration for up to three years, until notice cancelled.	\$4,000	18/12/2023
Custombuild Group Pty Ltd	CDB-U 58789	Failing to call for multiple mandatory stage inspections for a site at Brighton.	Reprimand and penalty of \$8,000.	\$8,000	19/12/2023
Merima Building Solutions Pty Ltd	CDB-U 51455	Failing to call for a mandatory stage inspection and failure to comply with the building permit in respect of a site at Emerald.	Reprimand and penalty of \$7,000 (Discontinuation of VCAT review.	\$7,000	20/12/2023
Selective Demolitions Pty Ltd	CBD-M 56498	Failing to call for two mandatory stage inspections, in respect of a site at Shepperton.	Reprimand and penalty of \$6,000.	\$6,000	21/12/2023
Charles Bros Building Contractors Pty Ltd	CDB-U 61910 CCB-L 69286	Failing to comply with a DTF building work within the period specified, in respect of a site at North Melbourne.	Reprimand and penalty of \$8,000.	\$8,000	22/12/2023
Subject to VCAT review.					

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
Bluesky Building & Construction Group Pty Ltd	CCB-L 57862 CCB-U 57861 CDB-U 54119	Being given a breach of dispute resolution order notice, in relation to a site in West Footscray.	Reprimand, penalty of \$4,000 and partial suspension of registration (only building work required to be carried out by building order, DTF, notice or VCAT order) until the notice is cancelled (maximum 3 years).	\$4,000	08/01/2024
Subject to VCAT review.					
S.J Higgins Pty Ltd	CCB-U 58898 CDB-U 57967	Failing to notify a mandatory stage inspection, in relation to a site in Balwyn.	Reprimand and penalty of \$14,000.	\$14,000	18/01/2024
Watkins Building Group Pty Ltd	CDB-U 61757	Failing to comply with a written DTF building work within the period specified, in respect of a site at Mount Cottrell.	Reprimand, penalty of \$10,000 and partial suspension of registration until DTF complied with or revoked. (Authority subsequently notified DTF satisfied)	\$10,000	18/01/2024
Australasian Home Developments Pty Ltd	CCB-L 73978 CDB-U 65155	Failing to comply with a written DTF building work within the period specified, in respect of a site at Mambourin.	Reprimand, penalty of \$10,000 partial suspension of registrations (only building work required to be carried out by building order, DTF, notice or VCAT order) until the DTF addressed or revoked (maximum 3 years). (Authority subsequently notified DTF revoked)	\$10,000	19/01/2024
Subject to VCAT review.					
Kapitol Group Pty Ltd	CDB-U 63977 CCB-U 59770	Failing to notify a mandatory stage inspection, in relation to a site in Melbourne.	Reprimand and penalty of \$6,000.	\$6,000	25/01/2024
Modscape Residential Pty Ltd	CDB-U 50417	Failing to notify a mandatory stage inspection, in relation to a site in Skenes Creek.	Reprimand and penalty of \$4,000.	\$4,000	25/01/2024
Hydebuild Pty Ltd	CDB-U 50758	Failing to comply with a written DTF building work within the period specified, in respect of a site at Dereel.	Reprimand, penalty of \$6,000 and partial suspension of registration (only building work required to be carried out by building order, DTF, notice or VCAT order) until DTF is addressed or revoked (maximum 3 years). (Authority subsequently notified DTF revoked)	\$6,000	05/02/2024

## Appendices

Practitioner name	Registration Number	Conduct	Result	Penalty (\$) <sup>36</sup>	Date <sup>37</sup>
Compass Pools Vic Pty Ltd	CDB-L 57219	Failing to notify a mandatory stage inspection, in relation to a site in Gowanbrae.	Reprimand and penalty of \$2,750.	\$2,750	06/02/2024
Compass Pools Vic Pty Ltd	CDB-L 57219	wwFailing to notify a mandatory stage inspection, in relation to a site in Cheltenham.	Reprimand and penalty of \$2,750.	\$2,750	06/02/2024
Compass Pools Vic Pty Ltd	CDB-L 57219	Failing to notify a mandatory stage inspection, in relation to a site in Wallan.	Reprimand and penalty of \$3,500.	\$3,500	06/02/2024
JG King Pty Ltd	CDB-U 49366	Failing to notify a mandatory stage inspection, in relation to a site in Warrnambool.	Reprimand and penalty of \$3,000	\$3,000	07/02/2024
Como Homes Pty Ltd	CDB-U 49257	Being given a breach of dispute resolution order notice, in relation to a site in Mount Eliza.	Reprimand, penalty of \$4,000 and partial suspension of registration (only building work required to be carried out by building order, DTF, notice or VCAT order) until the notice is cancelled (maximum 3 years).	\$4,000	08/02/2024
Everarche Homes Pty Ltd	CDB-U 59752	Failing to notify mandatory stage inspections, in relation to a site in Templestowe.	Reprimand and penalty of \$15,000	\$15,000	14/02/2024
Schintta Building Group Pty Ltd	CDB-U 63516	Failing to notify mandatory stage inspections, in relation to a site in Burwood East.	Reprimand and penalty of \$6,000	\$6,000	07/03/2024
VWD Group Pty Ltd	CBD-L 65848	Failing to notify mandatory stage inspections, in relation to a site in Niddrie.	Reprimand and penalty of \$8,000.	\$8,000	20/03/2024
Cannad Homes Pty Ltd	CDB-U 69233	Being given a breach of dispute resolution order notice, in relation to a site in St Leonard's.	Reprimand, penalty of \$4,000 and partial suspension of registration for 3 years (statutory maximum) or until notice cancelled.	\$4,000	04/06/2024
Aycon Constructions & Building Services Pty Ltd	CDB-U 58863	Company produced false documents to building surveyor, building without required domestic building insurance, unprofessional conduct, not fit and proper person. (Based on sample of 10 sites.)	31 reprimands, aggregate penalties (capped) of \$250,000, cancellation of registration and disqualified for 3 years from obtaining registration.	\$250,000	06/06/2024
Western Outdoor Creations Pty Ltd	CDB-L 73096	Being given a breach of dispute resolution order notice, in relation to a site in Brown Hill.	Reprimand, penalty of \$2,500 and partial suspension of registration for 3 years (statutory maximum) or until notice cancelled.	\$2,500	27/06/2024

<sup>36</sup>Monetary penalties have been rounded to the nearest dollar.

<sup>37</sup>The date of decision shown is the date the decision was made by the VBA's original decision maker or, where the Practitioner sought an Internal Review, the date of any subsequent decision by the VBA's internal reviewer.

**Table 27: Building Prosecutions<sup>38</sup>**

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
PHAM, Dinh	Carried out extension and alteration work under the major domestic building contract whilst not registered, without providing a formal contract, meeting appropriate requirement and obtaining the required insurance cover, and requested a deposit exceeding the set limit, also provided false information regarding the actual work performed.	Proven without conviction. Fine of \$4,000	\$4,000	05/09/2023
BEACHEY, Jonathan	Carried out work under a major domestic building contract whilst not registered.	Diversion Plan – be of good behaviour until 18/12/2023	-	18/09/2023
Insta Plumba Pty Ltd	Arranged for the carrying out of the domestic building work under a major domestic building contract without obtaining the required insurance.	Diversion Plan – pay \$3,700 compensation to the homeowner and be of good behaviour until 22/05/2024	-	23/11/2023
BUZZA, Todd	Carried out work under a major domestic building contract without registration. Carried out building work without insurance. Refused/failed to comply with requirement of authorised person.	Three charges proven with conviction. Fine of \$15,000.	\$15,000	16/01/2024
BUHAGIAR, Westley	Carried out work under a major domestic building contract without registration. Carried out building work without insurance. Carried out work without building permit in place.	Three charges proven with conviction. Fine of \$12,500.	\$12,500	07/02/2024
OLIVER, Lachlan	Carried out work without a building permit. Made a representation or implied that they were a building practitioner registered in a particular category or class of registration.	Two charges proven with conviction. Fine of \$3,500.	\$3,500	18/04/2024
BARTOLO, Paul	Carried out work under a major domestic building contract without registration. Carried out/ managed/arranged building work without insurance.	Two charges proven without conviction. Fine of \$2,000.	\$2,000	15/05/2024
MILINKOVIC, Ivan	Carried out work under a major domestic building contract without registration.	One charge proven without conviction. Fine of \$600	\$600	16/05/2024
VERA, Sergio	Carried out building work under a domestic building contract while unregistered and without the required insurance. Knowingly made a misleading statement to an authorised person and failed to comply with a request from an authorised person.	Four grounds proven with conviction. Aggregate fine of \$20,000.	\$20,000	05/06/2024
DEY, Nandini	Failed to comply with a building order.	Charge proven without conviction. Fine of \$2,000	\$2000	06/06/2024

<sup>38</sup>This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

<sup>39</sup>Excludes costs

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**Table 28: Plumbing Prosecutions<sup>38</sup>**

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
BELL, Toby	Carried out plumbing works namely heating and cooling installations whilst not licensed (in the appropriate sub-category) to do so and issued invalid compliance certificates.	Proven without conviction. Fine of \$4,000	\$4,000	03/07/2023
LYSY, Paul	Carried out plumbing work in the prescribed class of 'Sanitary work' without being licensed or registered to do so.	Proven with conviction. Fine of \$2,500	\$2,500	13/11/2023
TALEB, Hilal	Carried out regulated plumbing work without appropriate licence or registration. Held out to be a licensed to carry out plumbing work.	Proven with conviction. Fine of \$1,000	\$1,000	18/03/2024
NOVELLO, Timothy	Carried out regulated plumbing work without appropriate licence or registration.	Dismissed	-	06/02/2024

<sup>38</sup>This list does not include prosecutions commenced by the VBA which were subsequently withdrawn.

<sup>39</sup>Excludes costs

Table 29: Plumbing Inquiries (Individuals)

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
GORDON, Adam LP52446  Subject to VCAT review.	Carried out plumbing works in prescribed class of 'Mechanical services' without being licensed or registered to do so, permitted non-compliant plumbing work (specifically installation of gas ducted unit) to be carried out by another person, signed a compliance certificate which contained a misstatement of fact and failed to provide a compliance certificate and lodge it with the Authority within five days.	Four grounds proven. Monetary penalty of \$8261 plus costs of \$2,864. Additional penalty of \$3,549 to the homeowner. Require the practitioner to undertake a course CPCPCM4015 or equivalent within 18 months. Suspension of the practitioner's licence for 12 months effective 29/08/23, commencement of suspension be deferred for 12 months, provided the practitioner is not found guilty of any other allegations at an inquiry held during that time.  Subject to VCAT review.	\$11,810	29/08/2023
BRADDING, Graham LP26886	Permitted defective plumbing work (specifically refrigerated air-conditioning work) to be carried out under supervision at a site, signed a certificate which contained a misstatement of fact and failed to lodge compliance certificate with the Authority within five days.	Three grounds proven. Monetary penalty of \$1,110 plus costs of \$4,514.	\$1,110	08/09/2023
ROBERTS, Harry LP25328	Carried out plumbing works (specifically water supply and gas fitting) when not licensed or registered to do so. Provided false advertisement as a plumber without the required licence or registration with the Authority.	Three grounds proven. Monetary penalty of \$2,885 plus costs of \$1,037. Cancel the licence and registration immediately.	\$2,885	14/11/2023
DEMPSEY, Michael LP34294	Carried out plumbing work (specially roofing – Stormwater and metal roofing) that was defective and not compliant at three different sites, failed to comply with rectification notices issued by the Authority and signed compliance certificates which contained misstatement of facts.	Seven grounds proven. Monetary penalty of \$4,967 plus costs of \$1,037. Reprimand the practitioner. Require the practitioner to undertake training course <i>CPCPCM4015</i> within 12 months.	\$4,967	22/11/2023
STEFANOU, Matthew LP40358	Failed to comply with a rectification notice issued by the Authority.	One ground proven. Reprimand the practitioner. Pay cost of \$1,037.	-	22/11/2023
MANSON, Jared LP51787	Failed to advise the Authority regarding the readiness for inspection of repaired boundary trap at two different sites and failed to provide and lodge the compliance certificates within five days.	Four grounds proven. Reprimand the practitioner. Pay cost of \$1,037.	-	23/11/2023
DWYER, Daniel LP28205	Carried out or permitted work to be carried out by another person (specifically roofing – Stormwater) that was defective and not compliant and failed to comply with a rectification notice issued by the Authority.	Two grounds proven. Monetary penalty of \$496 plus costs of \$1,037.	\$496	23/11/2023

<sup>39</sup>Excludes costs.

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Accused name	Description of matter	Result	Penalty (\$) <sup>99</sup>	Date
ROGOWSKI, David LP50254	Permitted work to be carried out by another person (specifically roofing – Stormwater) that was defective in workmanship and signed a certificate which contained a misstatement of fact.	Two grounds proven. Reprimand the practitioner. Pay cost of \$1,037.	-	05/12/2023
DUNN, Garry LP23536	Carried out below ground sanitary work and did not notify the Authority when drains were ready for inspection. Failed to provide and lodge the compliance certificate within five days.  Carried out plumbing work that did not comply with the regulations.	Five grounds proven. Reprimand and penalty of \$6,343 plus costs of \$1,037.	\$6,343	12/02/2024
WATSON, Terry LP114196	Signed multiple compliance certificates which declared that the work complied with the relevant plumbing laws when they did not. Signed a compliance certificate for mechanical services work when the practitioner was not licensed to certify that class of work. Permitted another person to carry out work on his behalf that was defective in workmanship.	Three grounds proven. Reprimand and penalty of \$1,652 (suspended unless the practitioner has future finding of guilt), plus costs of \$1,037.	\$1,652	12/02/2024
SHAO, Qi Tao (Tony) RP119932  Decision stayed and subject to review by VCAT.	Carried out plumbing work in a class in which he was not licensed or registered. As a person who owns and manages a plumbing business, he allowed people to carry out plumbing work on behalf of that business when they were not authorised by the Authority to do so.	Seven grounds proven. Penalty of \$16,522, cancellation of registration and disqualification from being licensed for 3 years. Pay cost of \$1,504.  Decision stayed and subject to review by VCAT.	\$16,522	18/04/2024
DE WIT, Cary LP118662	Participated in the management of a business which permitted its employees to carry out plumbing work, which they were unauthorized to do by the Authority. Undertook plumbing work requiring a compliance certificate whilst he was unlicensed and without a licensed plumber's supervision. Provided a compliance certificate containing a misstatement of fact.	Ten grounds proven. Penalty of \$4,132 and complete training course <i>CPCPCM4015</i> within 12 months. Pay cost \$1,504.	\$4,132	30/04/2024
DANKHA, Ankido LP108327	Carried out plumbing work, including Drainage, Sanitary and Water Supply works which were defective in workmanship. A compliance certificate was not provided within 5 days of completion of the work, and it contained a misstatement of fact. Failed to have the sanitary drain ready for inspection and did not provide updated sewer plan to relevant Water Authority.	Five grounds proven. Penalty of \$7,500 and complete training course <i>CPCPCM4015</i> within 12 months. Pay cost of \$1,037.	\$7,500	29/05/2024

Accused name	Description of matter	Result	Penalty (\$) <sup>39</sup>	Date
Downey, Michael LP116660	Failed to adhere to a rectification notice. Carried out or permitted another person to carry out work that was defective in workmanship. Signed a compliance certificate containing a misstatement of fact. Fail to lodge a compliance certificate within five days of the work being completed.	Six grounds proven. Penalty of \$826 plus costs of \$1,037.	\$826	13/06/2024
KHOURY, Youssef LP108352	Failed to notify the Authority of a time and date at which below ground sanitary drains would be ready for inspection. Failed to provide a compliance certificate within five days of receiving a notice of termination.	Two grounds proven. Reprimand, complete training course <i>CPCPCM4015</i> within 12 months plus costs of \$1,037.	-	19/06/2024

<sup>39</sup>Excludes costs

# 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, and 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 Act and contain, among other things, requirements relating to building permits, building inspections, occupancy permits, enforcement, and maintenance of buildings. The Regulations adopt the 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 Act. 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 non-compliant 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. As of 30 June 2024, the VBA has concluded its role in the SCA, with responsibility for the completion of the audit transferred to CSV and Councils.

## 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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