BPC Building and Plumbing Commission

VICTORIA State Government



Annual Report

2025 – 2026



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Acknowledgements

About this report

Welcome to the Annual Report for the Building and Plumbing Commission (BPC) for the year ending 30 June 2026. 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).

Aboriginal acknowledgement

The BPC 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.

BPC's Financial Management Compliance Attestation Statement

I, Anna Cronin, on behalf of the Responsible Body, certify that the Building and Plumbing Commission has no Material Compliance deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Responsible body's declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Building and Plumbing Commission's Annual Report for the year ending 30 June 2026.



Anna Cronin
Commissioner & CEO
Building and Plumbing Commission
18 September 2026

Photography

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Authorised by the Victorian Building Authority trading as the Building and Plumbing Commission,
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Available online at: **bpc.vic.gov.au**

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Key achievements and highlights



$2.1 million
Financial penalties imposed

69,724
Registered or licensed building and plumbing practitioners

104
Building and plumbing practitioners suspended, cancelled or disqualified

68
Building and plumbing prosecutions completed

548,650
Compliance certificates lodged by plumbers

102,857
Building permits reported

6,244
New building permits inspected

5,245
Plumbing audit and drainage inspections

246,005
Telephone and email enquiries handled by our Consumer & Practitioner Services team

4,556
Owner-builder certificates of consent issued

174
Building Documentation Audits

83,213
Certificates of insurance purchased

$230 million
Gross Written Premium

5,672
Dispute Resolution applications received

11,900
Parties assisted by our Dispute Resolution service

17 million
Estimated audience reach of BPC proactive media across print, broadcast and online media

14.7 million
Content views on the BPC's social media channels

7.3 million
Visits to the BPC website

213
Enforcement posts on the BPC's social media channels

76,741
Social media followers

10,459
Building technical queries responded to

12,449
Plumbing technical queries responded to

About the Building and Plumbing Commission

The Building and Plumbing Commission (BPC) is Victoria's new regulator for the building and plumbing industries.

We bring together the work of the Victorian Building Authority (VBA), Domestic Building Dispute Resolution Victoria (DBDRV) and the Domestic Building Insurance (DBI) function of the Victorian Managed Insurance Authority (VMIA) into one regulator, giving us a clearer view of the whole building process so we can protect consumers, support industry and make the system easier to navigate.

What we do:

- Register and license building and plumbing practitioners.
- Improve industry compliance with building and plumbing standards through advice, directions, inspections and audits.
- Use enforcement powers to achieve compliance.
- Apply intelligence and data, including research and analytics, to better inform our regulatory strategy.
- Use and share our technical knowledge and expertise to improve the building and plumbing regulatory systems and support builders, plumbers and other practitioners to deliver positive consumer outcomes.
- Administer and oversee DBI, including assessing and managing insurance claims.
- Deliver a free, impartial dispute resolution service that helps practitioners and homeowners resolve disputes and avoid litigation.



Regulatory priorities

The BPC's regulatory priorities are based on identified consumer harms and are the key areas where the BPC focuses its regulatory effort.

The BPC has worked with industry, co-regulators and other stakeholders to review, assess and verify our list of regulatory priorities to ensure they reflect the harms being identified by consumers and industry.

The BPC's regulatory priorities in 2025-26 were:

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



Our services and regulatory functions

The BPC's services and functions are set out in the *Building Act 1993* and include:

- Register, license and discipline plumbing practitioners.
- Register and discipline building practitioners.
- Undertake inspections, audits and investigations of building and plumbing work to enforce compliance with relevant legislation.
- Respond to public enquiries about the building and plumbing industries.
- Support the resolution of consumer complaints about work carried out by building and plumbing practitioners.
- Issue owner-builder certificates of consent.
- Oversee Victoria's building permit system including the collecting of data and levies and issuing building permit numbers.
- Provide expert technical advice and informed solutions to industry.
- Develop and deliver education material for industry and consumers to promote compliant building and plumbing work.
- Oversee the Security of Payment scheme.
- Undertake and promote research relevant to the regulation of the building and plumbing industries.
- Administer and oversee DBI, including assessing and managing insurance claims.
- Provide a free dispute resolution service to help practitioners and homeowners resolve domestic building disputes quickly and fairly and avoid litigation.

Manner of establishment

The Victorian Building Authority, trading as the Building and Plumbing Commission, is an authority established under the *Building Act 1993* (the Act).

Responsible Minister

The responsible Minister from 1 July 2025 to 14 April 2026 was the Hon. Harriet Shing MP, Minister for Housing and Building.

The responsible Minister from 15 April 2026 to 30 June 2026 was the Hon. Nick Staikos MP, Minister for Housing and Building.

Year in review



The Commissioner and Chief Executive Officer's Report

This year marked a significant milestone for building and plumbing regulation in Victoria, with the establishment of the Building and Plumbing Commission (BPC) on 1 July 2025. In our first year, we have worked to establish an integrated organisation that brings together regulation, insurance and dispute resolution to deliver a more seamless experience for building and plumbing practitioners and better outcomes for consumers.

The BPC's regulatory arm works towards improving consumer outcomes and, at the same time, supporting industry growth by operating a regulatory system which is effective at improving building and plumbing safety and quality.

In 2025-26, we made significant progress in strengthening our core regulatory functions: licensing and registration; inspections; and enforcement.

Licensing and registration are central to ensuring safe and quality building and plumbing by making sure that practitioners meet the competence standards required. At the end of June 2026, the BPC registered or licensed almost 70,000 building and plumbing practitioners.

The BPC has focused our inspection activities where the risks are highest. This included a significant focus on plumbing risks such as drainage, water ingress, gas safety and compliance certificate integrity.

To protect the interests of consumers and legitimate practitioners alike, the BPC has also targeted unregistered and unlicensed operators and used our prosecution powers to ensure that they leave the industry.

We significantly increased our scrutiny on these rogue operators which saw our prosecutions activity more than triple this year, with 68 building and plumbing matters finalised, compared to 21 last year. By removing or restricting practitioners who pose an unacceptable risk to consumers, we are helping to build confidence in the building and plumbing industries and creating a level playing field for legitimate industry operators.

In terms of enforcement, the BPC is now using our full suite of tools, as set out in the Building Act, to address non-compliance in building and plumbing. For example, in 2025-26, there were 24 immediate suspensions issued to building practitioners, six times the number issued the previous year (four) and we issued 71 Directions to Fix (pre-Occupancy Permit) compared to 12 the previous year. This power – which was not used by the former Victorian Building Authority – directs building practitioners to rectify non-compliant work under construction, at no cost to consumers. The BPC also issued 936 Rectification Notices to address non-compliant plumbing work.

The new BPC not only regulates building and plumbing work, but we also now provide insurance and dispute resolution services through the merger of the VBA with the building insurance part of the Victorian Managed Insurance Authority (VMIA) and Domestic Building Dispute Resolution Victoria (DBDRV). Two new business divisions have been established: Insurance, led by Chief Insurance Officer Efy Karagiannis and Dispute Resolution, led by Chief Dispute Resolution Officer Alex Sutton.

The addition of these functions means that we can deliver end-to-end support for consumers and industry, over all of their interactions with the building and plumbing systems.

As well as delivering improvements in our regulatory and service provision, throughout 2025-26, the BPC planned and prepared to implement the new Buyer Protections reforms (to commence on 1 July 2026). These reforms give consumers stronger protections by empowering the BPC to issue rectification orders after construction is complete, ensuring builders remain accountable for defective work. The changes also involve overhauling domestic building insurance and replacing it with a first-resort Home Warranty insurance product that gives homeowners earlier and expanded access to insurance coverage if things go wrong. A six-month pre-occupancy permit notification for developers of class 2 apartment buildings will increase our oversight of these buildings, giving consumers more confidence when they buy an off-the-plan apartment.

Implementing the reforms to our foundational activities as well as planning for the Buyer Protections reforms required the BPC to scale up new approaches, at a fast pace. This was challenging for all of the staff at the Commission, and they demonstrated a huge commitment to the BPC and to boosting consumer outcomes and providing better support for industry.

To support these significant changes, the BPC engaged extensively with industry and consumer stakeholders to ensure that we met the dual objectives of strengthening consumer protection and supporting industry growth. By leveraging partnerships with major industry associations, the BPC expanded the reach of our regulatory guidance and reform information to broader audiences. With a focus on education-focused engagements that leveraged speaking opportunities and Q&A sessions, we reached almost 40,000 practitioners and consumers.

This work was supported by our external advisory bodies: the Building Special Advisory Panel and the Plumbing Special Advisory Panel which each provided tremendous value in enabling us to ensure that the Act's implementation met the needs of consumers and industry.

Looking ahead, we continue to strive for a building and plumbing regulatory system that delivers for Victorians when they need us. The BPC's establishment has already made a positive impact in that regard, with more than 90 per cent of calls received this year being resolved on the spot – without needing to be handed over to another agency or having limited scope to assist.

Finally, I would like to thank all the BPC staff who have worked so effectively across the organisation to make us a better regulator and to ensuring that the integration of the Insurance and Dispute Resolution services was so successful. As the BPC continues to evolve, we will remain focused on delivering strong regulation, effective dispute resolution and accessible insurance protections that support consumers and industry alike.



Anna Cronin
BPC Commissioner
& Chief Executive Officer

The State Building Surveyor's Report

Victoria's building and plumbing industries play a vital role in shaping the homes, workplaces and communities where we live, work and play. This year, the Office of the State Building Surveyor continued to strengthen Victoria's building and plumbing system through a focus on technical excellence and strengthening the professional capability of building and plumbing practitioners. My Office serves as the BPC's technical authority and provides the leadership, performance monitoring, industry capability building and system-wide insights needed to improve building and plumbing work and consumer outcomes across Victoria.

The building and plumbing sectors operate within a complex technical and regulatory environment – and that's why access to reliable, practical and accessible guidance is essential. A focus for my Office this year was to modernise how we communicate technical information to almost 70,000 building and plumbing practitioners across Victoria – from apprentices through to the practitioners with five decades of experience. Through a combination of practice notes, guidance documents, short- and long-form technical videos and webinars, we communicated a substantial amount of technical content tailored to several classes of registered and licensed practitioners. Topics included: backflow and cross contamination, condenser and air-conditioner locations, hot water temperature control and lead-free plumbing products, to name a few. Plumbing-related guidance represented a significant portion of our technical education activity during 2025-26.

My Office also revamped how we engage with industry, with the goal of improving engagement with technical content and uplifting building and plumbing standards across the state. We were delighted to present to industry forums on more than 30 occasions and establish a new Industry Insights newsletter that reached all building and plumbing practitioners. This newsletter achieved strong readership and highlighted the demand for clear and practical technical information.

On 1 May 2026, the National Construction Code (NCC) 2025 was adopted following extensive consultation with the Australian Building Codes Board (ABCB), the Department of Transport and Planning (DTP) and key industry stakeholders. My Office was proud to lead engagement with DTP to improve consistency between Victorian and national requirements in the Code, with the aim of making compliance easier to achieve, while maintaining high standards and removing unnecessary regulatory barriers.

A key achievement of this work was a reduction in the number of Victorian variations and additions from 115 to 60, across the three volumes of the Code. This not only improved national consistency and simplified compliance, but ensured that our technical guidance for practitioners was tailored to matters that were of greatest impact to the community.

In supporting adoption of NCC 2025, on 1 May 2026, Victoria became the first Australian jurisdiction to mandate lead-free plumbing products when they are in contact with drinking water. This results in improvements to public health by reducing exposure to lead in drinking water and ensuring compliant products are installed.

The BPC played a crucial role in advocating for this new requirement and leading the nation in supporting the safety and quality of Victoria's plumbing systems.

Following advocacy by the BPC and implemented on 1 May 2026, the Plumbing Regulations were changed to remove a mechanism where newly published amendments or revisions to referenced documents, such as Australian Standards, automatically applied to plumbers' compliance obligations.

The change makes it easier for plumbing practitioners to do work compliantly and incorporate new requirements into their future jobs, rather than changing their work that was already planned for a site. This removes confusion and complexity for practitioners and avoids unnecessary costs for consumers.

The building surveying profession plays an important and unique statutory role in Victoria's building system. There are 1,227 registered building surveyors in Victoria, and while there has been a modest increase in building surveyor registrations over recent years, it has not kept pace with the volume of building control work across the state. That's why my Office has continued to support initiatives that focus on attracting new entrants to the profession, expanding education pathways for people in other building and plumbing roles to transition into a career in building surveying and strengthening professional development opportunities for existing building surveyors.

To support this work and build a sustainable pipeline of future building surveyors, my Office participated in several initiatives that included:

- Partnering with RMIT University and the Australian Institute of Building Surveyors to progress a curriculum for undergraduate, postgraduate and Masters-level building surveying programs;
- Collaborating with Victoria University to broaden vocational placements and industry-based learning;
- Placing four university students into roles in the public and private sectors to enable them to gain valuable on-the-job experience; and
- Promoting building surveying as a career at public events, including the Victorian Careers and Employment Expo and the Melbourne Careers Expo.

Reflecting the growing role and importance of the Office of the State Building Surveyor as the leader in technical guidance for Victoria's building and plumbing industries, we have contributed to Standards Australia reviews and working groups, provided technical input into a range of Australian Standards and WaterMark Technical Specifications and advanced proposals to address emerging issues impacting the industry. These activities have helped to advance our goal of providing practical and contemporary advice that aligns with what practitioners need to construct safe and compliant buildings.

While we have achieved a lot, our work continues. Changing community expectations and the demands of an increasingly complex built environment mean that the need for strong and authoritative advice is vitally important. I look forward to continuing this important work in partnership with industry and government.



Steven Baxas
State Building Surveyor

Financial summary

Table 1. Five-year financial summary

($ million)

	2025-26	2024-25	2023-24	2022-23	2021–22
Insurance net premium revenue	139.7	-	-	-	-
Building permit levies	58.1	49.6	46.2	44.8	42.8
Practitioner registration and licences	31.4	30.3	29.9	22.4	13.5
Plumbing compliance certificates	22.1	21.5	18.8	19.1	17.8
Other income	98.8[1]	31.0	13.2	27.4	16.7
Total income	**350.1**	**132.4**	**108.1**	**113.7**	**90.8**
Insurance net claims incurred	156.0	-	-	-	-
Other expenses	164.5	119.2	107.2	105.3	98.2
Total expenses	**320.5**	**119.2**	**107.2**	**105.3**	**98.2**
Other income flows included in Net result	0.1	0.2	0.2	0.5	0.2
Net result from continuing operations	**29.7**	**13.4**	**1.1**	**8.9**	**(7.2)**
Other income flows not included in Net result	0.2	-	-	-	-
Comprehensive result	**29.9**	**13.4**	**1.1**	**8.9**	**(7.2)**
Current assets	1,016.2	79.9	62.0	62.5	43.0
Non-current assets	53.1	23.6	20.5	16.7	17.9
Total assets	**1,069.3**	**103.5**	**82.5**	**79.2**	**60.9**
Current liabilities	323.8	35.2	33.5	32.5	29.1
Non-current liabilities	558.5	23.6	17.8	16.6	12.7
Total liabilities	**882.3**	**58.8**	**51.3**	**49.1**	**41.8**
Net assets	**187.0**	**44.7**	**31.3**	**30.1**	**19.1**
Net increase/(decrease) in cash and cash equivalents	**936.7**	**17.9**	**(0.9)**	**20.1**	**(13.1)**

1 *Other income includes but is not limited to: $42.1 million in grants for reform programs, $32.4 million in Insurance division interest income and $15 million from Consumer Affairs Victoria for the Dispute Resolution function.*

Current year – financial review

Overview

In 2025-26, the BPC recorded a comprehensive result of $29.9 million, an improvement of $16.5 million compared to last year. This result was primarily driven by the receipt of $27.2 million in grant funding from the Department of Transport and Planning (DTP) to support the delivery of the Integrated Regulator Program that resulted in the establishment of the Building and Plumbing Commission (BPC), as well as increased revenue from levies, fees and fines.

The operating result includes the impact of Machinery of Government changes that took effect on 1 July 2025, transferring responsibility for the Domestic Building Insurance (DBI) function from the Victorian Managed Insurance Authority (VMIA) and the Dispute Resolution function from Domestic Building Dispute Resolution Victoria (DBDRV) to the BPC

Total income increased by $217.7 million to $350.1 million, of which $172.1 million related to the Insurance division premiums and investment/cash income. Grant income, mainly received from DTP on behalf of the Victorian Government increased by $34.4 million to $60.5 million. Revenue from other business-as-usual income increased by $11.2 million to $117.5 million, largely driven by higher collections from Building Permit Levies.

In 2025-26, total expenditure increased by $201.3 million to $320.5 million. This was driven by transfer of the DBI function including insurance claims and associated operating expenses of $172.3 million. Other expenditure also increased as a result of government-funded programs, the transfer of the Dispute Resolution function and continued investment in regulatory activities and organisational capability.

Excluding the government-funded initiatives and other non-recurring funding sources, the BPC's core regulatory operations generated an underlying surplus of $13.1 million (refer to table 2).

The Insurance function recorded an operating deficit of $0.2 million. The insurance function reported an underwriting loss of $32.6 million, reflecting claims costs and operating expenses exceeding premium revenue during the year. This was substantially offset by $32.4 million in interest income earned on cash held to support future insurance claims liabilities. As a result, the overall operating outcome for the insurance function was broadly break-even, despite the underlying underwriting performance remaining challenging during the year.

Overall, the underlying net result enables the BPC to continue investing in regulatory capability, service delivery and reform initiatives while maintaining financial sustainability.

Table 2. BPC Financial Performance by operating activity

($ million)

Financial Performance by operating activity	BAU Regulatory Operations	Insurance	Government-funded programs	Total
Total income	136.0	172.1	42.3	350.4
Total expenses	122.9	172.3	25.3	320.5
Comprehensive result	**13.1**	**(0.2)**	**17.0**	**29.9**

Financial position – cash holdings

At 30 June 2026, cash holdings were $1,013.4 million, a $936.7 million increase compared to 2024-25 of $76.7 million. Of the total cash balance, $890.6 million was held to support future insurance claims liabilities associated with the DBI function.

Total assets on hand were $1,069.3 million. Total liabilities were $882.3 million, an increase of $823.5 million compared to last year of $58.8 million. This was primarily due to the recognition of insurance-related liabilities following the transfer of the DBI function. Higher employee-related expenses and increased operating lease obligations due to the integration of new functions to the BPC also contributed to the total liabilities balance.

Contributions, Transfers and Research Grant Payments

In 2025-26, the BPC contributed $1 million to the Department of the Treasury as Victoria's contribution to the Australian Building Codes Board (ABCB). The BPC also contributed $1.8 million to the DTP Building Policy Unit.

The BPC paid $0.1 million in grants to four universities under its Research Grant Program to support research that will provide an evidence base to inform regulatory decisions and influence improvements to the building and plumbing regulatory systems.

In 2025-26, the BPC paid $155.6 million of the Cladding Rectification Levy, all of which was transferred to DTP for the Cladding Rectification Partnership Program.

The BPC collects a portion of building permit levies for costs relating to the Victorian Civil and Administrative Tribunal (VCAT) under its Building and Property List and other costs for the administration of the *Domestic Building Contracts Act 1995*. These funds are transferred every month to Consumer Affairs Victoria (CAV) to administer the Domestic Builders Fund. In 2025-26, $19.1 million was transferred to CAV. Following the transfer of the DBDRV function to the BPC, CAV transferred $15.0 million to the BPC to support the ongoing delivery of this function.

An additional $6 million was transferred to the Department of Government Services for its share of the domestic building practitioner registration fees.



Performance against Minister's Statement of Expectations and Department Performance Statement

The current Statement of Expectations was issued in November 2023 by the Minister for Planning to the then Victorian Building Authority (VBA). Following establishment of the Building and Plumbing Commission (BPC) on 1 July 2025, historical references to the VBA or Authority are retained where they relate to the original expectation or a decision made before establishment of the BPC.

Key		
Orange	Complete	
Light Orange	In progress	
Dark Grey	Ongoing	
Light Grey	On Hold	



Table 3. BPC reporting against Minister's Statement of Expectations

1. Risk-based approach to Compliance and Enforcement

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

Priority Activity	Status	Progress comment
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.	●	**Complete**.
Publish Compliance and Enforcement Policy by December 2023. **[Minister was advised that the Policy would be published in early 2024.]**	●	**Complete.**

Priority Activity	Status	Progress comment
Implement effective strategies to address non-compliance, informed by operational intelligence, data and research.	●	**Enforcement** In 2025-26, the BPC received 752 unregistered tip-offs via our website. All tip-offs received are assessed for actionable intelligence. Of the tip-offs fully assessed: • 33 were referred to external agencies, including councils, the Environment Protection Authority (EPA), and WorkSafe for awareness and appropriate action. (Note: a single tip-off may involve multiple referrals). • 14 were referred to the BPC Complaints unit to inform existing or new matters. • 9 were referred to the BPC Inspectorate for further compliance checks on site. • 6 were referred to the BPC Investigations unit for their assessment and possible regulatory action. • 5 were referred to the BPC Licensing & Registration unit to inform the applicant registration assessment process. • 3 were referred to the BPC Building Compliance unit in relation to building permit compliance issues. • 2 were referred to the BPC DBI Risk Assessments unit for awareness of future DBI applications. • 41 were stored as intelligence holdings, for future cross-referencing and operational intelligence use. Tip-offs have proven to be an effective channel for receiving operational intelligence regarding potential unregistered work across the industry. They also provide an alternative mechanism for those who wish to inform the BPC about potential non-compliant behaviour, whilst remaining anonymous. **Research** In February 2026, the BPC launched the fourth round of its Research Grant Program (RGP). Researchers from Australian universities were invited to apply for financial and/or in-kind support for research that addresses either reducing harms aligned with BPC's current regulatory priorities or improving consumer outcomes and preventing harms while delivering measurable productivity improvements. Thirty-two applications were received from 13 universities across five Australian jurisdictions. Decisions on successful applications are expected in 2026-27, with new projects expected to commence in 2026-27. Four projects from the 2024 RGP were finalised in 2025-26, and the final project is due for completion in 2026-27. These projects strengthen understanding of residential building performance on Victoria's reactive soils under future climate conditions, insolvency drivers in construction, early detection of residential plumbing pipe pressure to prevent water damage, practical design solutions to reduce condensation risk in apartment buildings from thermal bridging in external walls, and development of a VR-based training prototype to enhance early-career building surveyors' building code assessment capability.

Priority Activity	Status	Progress comment
Implement effective strategies to address non-compliance, informed by operational intelligence, data and research.	●	Two new Building 4.0 Cooperative Research Centre (CRC) projects commenced, two were completed and five continue. Through collaboration on and insights from the Building 4.0 CRC's ***Evaluating the effectiveness of roofing work inspections using Remotely Piloted Aircraft Systems*** project (completed 2025-26), the BPC is exploring improvements to its regulatory roofing work inspections through the use of drones to complement the tools used by BPC inspectors. This would have direct and significant benefits to productivity and efficiency of our regulatory inspections, and broader benefits and protection for consumers through earlier detection of non-compliant roofing work – a leading cause of water ingress in homes. Engagement with researchers, industry partners and government through Building 4.0 CRC projects such as ***Insolvency in the construction industry*** (completed 2025-26) and ***Towards smart contracts and smart finance in construction*** (in progress) has helped drive the BPC's and other partners' improved understanding of critical issues affecting the building industry including financial capability, competencies, technological barriers and payment processes. These research outputs support future regulatory and industry initiatives aimed at strengthening consumer protection and building system performance. This means the BPC has a more informed approach to influencing reform and policy changes to address these issues.
Proactively inspect and monitor building works using a risk-based approach.	●	The BPC inspects building and plumbing work in Victoria to protect consumers from harm and to educate building and plumbing practitioners about their obligations and ensure they meet their responsibilities and functions under the Act and Regulations. The 2025-26 Department Performance Statement outlined a target of 2,500 high and medium risk non-compliances to be addressed through the Inspectorate's activities. The BPC exceeded this target, with 2,667 high and medium risk non-compliances addressed this financial year.

Priority Activity	Status	Progress comment
Greater utilisation of enforcement measures available under the *Building Act 1993* to target poor operators.	●	The BPC demonstrated a strong regulatory posture in 2025-26 with **104** practitioners being disciplined in 2025-26. The BPC imposed **$1,456,773** in financial penalties (excluding prosecutions) and issued 24 immediate suspensions. Some of the decisions are subject to review by VCAT and outcomes may vary as a result. The BPC continued to use its disciplinary tools to remove (or force the surrender of) the registration for those corporate building practitioners who no longer have a nominee director, and to cancel or appropriately condition the registration of those practitioners who are directors of companies that have gone into external administration. Notable cases in 2025-26 included: • Builder **Aliya Pty Ltd** and its nominee director **Arun TANWAR** were immediately suspended for taking payments under major domestic building contracts without the required domestic building insurance being in place. The practitioners are subject to a show-cause process. • **MD Demolitions Pty Ltd**, **Mahmoud HASSAN** and **Walid HASSAN** were immediately suspended, cancelled and disqualified in relation to a workplace fatality in Avondale Heights in November 2025. The BPC did so because it considered it was in the public interest. • **Rodney CENTRA** – The BPC imposed a 12-month suspension, penalty of $55,000 and four reprimands. The BPC did so because the practitioner unlawfully failed to notify the Relevant Building Surveyor of the mandatory stages of inspection in relation to installation of pool safety barriers on four domestic sites. That conduct created risks of harm to homeowners because in several instances the pools were filled without any suitable safety barriers in place. • **Simon FAIZI** – The BPC cancelled and disqualified registration and imposed a $56,000 penalty. The practitioner was registered in Victoria through Mutual Recognition scheme. The practitioner failed to disclose material evidence regarding disciplinary action in New South Wales when seeking registration in Victoria. Immediate suspension was based on public interest grounds. • **Phillip COMMANDEUR** – The registered practitioner was a building inspector (pool safety). The practitioner was previously registered in Queensland and New South Wales. Those registrations were cancelled due to several conduct issues. Commandeur did not disclose this information when he sought registration in Victoria. The BPC immediately suspended, cancelled and disqualified the practitioner's registration. • **UNIK CONSTRUCTIONS PTY LTD** and **Pratheepan SARAVANAPAVAN** – The company and director were immediately suspended, cancelled, disqualified and fined $230,000. The grounds for discipline included fraudulent certification and serious and persistent non-compliance with applicable building standards. • **Nathan Power Builder Pty Ltd** and **Paul COMER** – The builder and Relevant Building Surveyor were fined $45,000 and $70,000 respectively (with suspensions) due to several breaches. • **Jordan MAIOLO** – The BPC fined the plumbing practitioner $21,000 in relation to a number of contraventions including providing false compliance certificates.

Priority Activity	Status	Progress comment
Promote the use of the Security of Payment (SOP) scheme to manage payment disputes and monitor compliance.	●	**SOP Act changes and SOP Regulations changes** Significant amendments were made to the SOP Act and came into operation in 2025-26: • Amendments made by the *Building Legislation Amendment (Fairer Payments on Jobsites and Other Matters) Act 2025* (Fairer Payments Act) came into operation on 15 April 2026. • Amendments made by the *Building Legislation and Treasury Legislation (Tax Relief) Amendment Act 2026* (Tax Relief Act) came into operation on 24 June 2026. Amendments made to the SOP Regulations 2023 on 2 June 2026 came into operation on 3 June 2026. **Reform Implementation** All BPC SOP information and material was reviewed and updated, and new information and material created to reflect amendments made by the *Fairer Payments Act*. All updated and new information and materials were published on the BPC website on 14 April 2026. This included updating and publishing amended and/or new: • SOP web content • Information summarising reforms • SOP Sample Forms – review and update existing Sample Forms (x4) and create new Sample Forms for new processes (x4) • Information materials (FAQs) Information and material will be monitored to ensure it responds to enquiries received about the reforms and their implementation. This will be ongoing. In 2025-26, the BPC undertook frequent engagement and communication with Authorised Nominating Authorities (ANAs) to ensure they were aware of key reform activities and dates. As ongoing processes, the BPC created new materials, including Q&As for internal stakeholders to assist the management of enquiries, and commenced the process of engaging and communicating information about the SOP reforms with internal teams.

Priority Activity	Status	Progress comment
Target regulatory communications to support practitioner compliance.	●	The BPC continued to support practitioner compliance by publishing education content through media and social media, as well as engagement through direct communications and conferences. The BPC published 200 practitioner education social media posts, which received almost 1.9 million views and more than 50,000 engagements (follower interactions). The practitioner education posts included: • Practitioner Education Series videos • NCC guidance • Revised practice notes • Updates on major ongoing reforms to building regulation including BPC establishment and new powers Top 5 posts: 1. New rules for calculating the cost of building work (Facebook) – 152,277 views 2. Updated plumbing and drainage standards 2025 (Facebook) – 110,387 views 3. Installing hot and cold water pipes at least 25mm apart from each other (Facebook) – 95,475 views 4. Bathroom waterproofing (Facebook) – 75,338 views 5. Water ingress (Facebook) - 69,264 views
Report annually on results and impacts of compliance and enforcement activities in reducing high-risks.	●	The BPC's 2025-26 Annual Report includes the annual result for the public Department Performance Statement (DPS) measure: *Number of sites with detected high or medium risk non-compliances addressed through inspections activity.*

2. Reduce Regulatory Harms

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

Priority Activity	Status	Progress comment
Undertake ongoing review of VBA's Regulatory Priorities and engage Industry Harms Consultative Committee (IHCC) three times per year on these.	●	Meetings with the IHCC were held in November 2025 and March 2026. Meeting scheduled for June 2026 was postponed to August 2026 given the significant number of reforms impacting the BPC and industry. The BPC continues to engage the IHCC to review the BPC's regulatory priorities and identify emerging issues for consideration.

Priority Activity	Status	Progress comment
Provide practitioners with the knowledge and guidance they need to undertake work that is compliant, addresses risks and prepares them for industry changes.		In 2025-26, the BPC made significant enhancements to the form and function of the education and guidance material provided to practitioners. The Office of the State Building Surveyor (OSBS) is visibly performing the functions of a technical leader: clarifying obligations, preparing industry for reform, supporting councils and strengthening public confidence through better regulatory practice. The BPC delivered a significant body of practical technical guidance across both building and plumbing, using different and more engaging mediums such as video. Throughout the year, the BPC delivered: • 12 Educational and short form videos • NCC education series including videos and updated guidance helping practitioners understand the Victorian variations. The OSBS delivered foundational guidance that supports more consistent application of building control functions. This included the publication of the Guide to Standards and Tolerances, which is used by practitioners, inspectors, building surveyors and assessors to consistently apply interpretations of acceptable levels of quality. The OSBS published a suite of practical guidance materials through our newsletter channels. This content was distributed to over to over 60,000 practitioners with an average 65 per cent open rate. Published content included: • 8 newsletters • 11 practice notes, or guidance content • 24 reform related updates, and compliance reminders Examples of content that addressed questions practitioners were already facing in the field included fire bolts, tiny homes, mandatory inspections, lead-free products, gas servicing, roof drainage, sprinkler valves, drainage inspections, waffle pod slabs and fire system test water.
Develop orphaned permit plan to process outstanding permits and to ensure that succession planning requirements for surveyors are put in place.		**Complete.**

Priority Activity	Status	Progress comment
Ensure that the VBA's regulatory approach is informed by evidence on harms.	●	The BPC is continuing to embed a harms-based approach across its regulatory activities, ensuring effort is directed towards areas where regulatory activity can prevent the greatest harm to consumers and the community. Rather than focusing solely on compliance outcomes, this approach considers the likelihood and consequence of harm and uses intelligence, research, inspections, audits and stakeholder engagement to identify systemic risks and target regulatory action where it can have the greatest impact. The water ingress on balconies campaign is one example of how this approach has been and continues to be applied in practice, using data, risk profiling and targeted interventions to prevent defects before they become embedded in occupied buildings and cause significant consumer harm. As part of this work, the BPC is strengthening its use of regulatory intelligence, improving collaboration across business areas, enhancing referral pathways with co-regulators and embedding lessons learned from targeted campaigns into business-as-usual regulatory activities. Insights from harms-based activities are informing future regulatory priorities, industry education, guidance and compliance activities, while also supporting improvements in regulatory systems, data and reporting. Over time, this will help shift the organisation from delivering discrete harms-focused work to embedding harm prevention as a core principle of regulatory decision-making, with the aim of reducing consumer harm, improving building quality and strengthening public confidence in Victoria's building and plumbing system.
Investigate industry practices and processes around compliance with domestic building insurance.	●	Builders are audited for compliance with domestic building insurance (DBI) and are selected based on scale of operations, intelligence, and risk criteria (including compliance and financial risk). In 2025-26, 50 volume, medium and small builders of interest received a notice to provide documents and information to the BPC under Sections 227G(1)(b) and 227G(1)(ba). Analysis of those results reflected good overall compliance, with three builders identified for further inquiries during 2026-27 with regard to their deposit-taking practices. From an enforcement perspective, the BPC has filed charges against Glenvill Constructions for breaches of the DBI offence provisions under the *Domestic Building Contracts Act 1995*. The BPC has also secured enforceable undertakings from Mahercorp Pty Ltd and Royston Homes Pty Ltd, following non-compliance identified in the BPC's early DBI auditing activities.
Report annually on results and impacts of harms reduction activities.	●	Results and impacts of harms reduction activities are regularly provided to: • industry stakeholders, through the IHCC • practitioners, through emails • consumers, through website updates and social media posts.

3. Government Reforms

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.

Priority Activity	Status	Progress comment
Support the implementation of Automatic Mutual Recognition, Trades Registration, Continuing Professional Development program and other programs.		There were 242 Automatic Mutual Recognition (AMR) notifications received in 2025-26, a 6.6 per cent increase compared to 2024-25. Despite higher notification volumes, the proportion of practitioners with AMR remains low with only 33 of the 227 notifying practitioners with AMR in effect. Since commencement in Victoria on 1 July 2021, 86 practitioners had AMR in effect (81 builders and 5 plumbers): 72 from NSW, 13 from South Australia, and 1 from Tasmania. The five plumbers are from NSW. The BPC continues to engage with DTP regarding the implementation of Continuing Professional Development (CPD) and Trades Registration.
Collaborate with DTP on the development of implementation options for building and plumbing reform initiatives.		The BPC planned and worked on the implementation of new powers and reforms (rectification orders, first resort Home Warranty scheme, developer bonds and the requirement for developers of apartment buildings above three storeys to notify BPC six months before building occupancy) was underway ready, for 1 July 2026 commencement.
Support the transfer of the Municipal Building Surveyor function to councils for sites subject to the Statewide Cladding Audit.		**Complete.**
Implement a statutory role for the State Building Surveyor.		**Complete.**
Work collaboratively with the Building Monitor once the role is appointed.		The BPC has built a strong working relationship with the Building Monitor Tina Ngu. Ms Ngu is a regular attendee at the Building Special Advisory Panel (BSAP) and Plumbing Special Advisory Panel (PSAP).

4. Customer Experience

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

Priority Activity	Status	Progress comment
Educate consumers to build knowledge of VBA's role within the building system.	●	The BPC's combined media and social media strategy focused on enforcement has significantly grown our consumer audience in the financial year. Proactive media reached an estimated audience of more than 17 million across print, broadcast and online media, while social media content views almost doubled year on year, up from 7.7 million to 14.7 million. The strength of enforcement focus culminated in a three-part series in the Herald Sun listing all enforcement outcomes in recent years. This coverage reached a combined audience of nearly 1.4 million across traditional media and social media. There were 213 enforcement posts across the BPC's social media channels. The top five posts in this category were: 1. The Herald Sun's three-part online series featuring our public registers and enforcement actions (Facebook) – 672,208 views 2. Fake builder Ha Thi 'Miki' Nguyen prosecution (Facebook) – 536,171 views 3. Registered builder Rodney Centra suspension (Facebook) – 347,934 views 4. Registered builder Peter McBride and his company THEBUILDCO.COM.AU Pty Ltd fined $100,000 (Facebook) – 345,968 views 5. Licensed plumber Daniel King fined more than $12,000 (Facebook) – 296,606
Facilitate co-resolution of consumer complaints with agency partners.	●	The BPC has successfully embedded the co-resolution approach with agency partners. This outcome has been supported by the implementation of a dedicated Complaints Triage contact centre team that provides consumers with guidance on the most appropriate agency pathway for support at first contact. Additionally, the VANTAGE decision support tool has been developed and implemented, enabling staff to make informed decisions and guide consumers to the most appropriate next-step process.
Launch new licensing and registration system for building practitioners.	●	**Complete.**
Release online interactive registration forms for building practitioners.	●	**Complete.**

Priority Activity	Status	Progress comment
Work with Services Victoria to develop a digital licence for building practitioners.		**Complete.**
Improve consumer complaint response timeframes.		The BPC maintained timely allocation of consumer complaints in 2025-26.
Improve practitioner and consumer sentiment for online interactions.		In December 2025, an extensive consumer and practitioner perception survey was conducted. The results are currently being assessed and will be used for monitoring performance and sentiment, as well as informing future areas of work. Stakeholder perception tracking is in place to measure awareness, trust, confidence and understanding of the BPC over time. The research will provide a baseline and trend data to inform organisational communications, engagement and customer experience strategies. Future iterations will help assess whether reforms and BPC initiatives are shifting stakeholder perceptions. During the year, the BPC prepared to launch its new website on 1 July 2026, as a single digital front door. It aims to provide a modern, accessible platform that makes it simple for people to find information, understand their rights and obligations, and complete tasks. The website will connect our core regulatory services, improve search and navigation and introduce smarter tools such as issue triaging, practitioner search, licensing guidance and AI-assisted help.

5. Sustainable, Future Ready

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

Priority Activity	Status	Progress comment
Ensure that the VBA's operating model can deliver effectively on the Regulatory Policy Statement.		**Complete.**
Collaborate with DTP to reset plumbing fees (licensing and registration fees, compliance certificate fees, modification and declaration fees).		The BPC continues to engage with DTP to implement changes when required.

Priority Activity	Status	Progress comment
Uplift enabling systems to support plumbing fee changes.		The BPC continues to engage with DTP to implement changes when required.
Establish ongoing relationships with key industry bodies, associations and unions via regular engagement.		Through business-as-usual engagement in 2025-26, the BPC delivered: • Six Building Special Advisory Panel (BSAP) • Five Plumbing Special Advisory Panel (PSAP) meetings • 48 foundational engagement sessions with industry peak bodies. These engagements covered the full spectrum of BPC activities, addressed industry and consumer concerns and helped to build ongoing, trusted relationships with key stakeholders to improve the effectiveness and reputation of the BPC. Leveraging these relationships, the BPC delivered project-specific and reactive engagement as required to address current and emerging issues across the year. This included a substantial program of work to engage stakeholders on the government's Buyer Protections reforms. The BPC partnered with 27 key industry groups and held 25 in-person and online information and Q&A sessions, directly engaging more than 2,000 practitioners.
Improve understanding of regulatory roles and responsibilities of relevant building surveyors, local councils, and the VBA.		The OSBS successfully launched Municipal Building Control Plan (MBCP) and monthly reporting framework across 79 councils, strengthening statewide oversight. Participation remained strong, with many reporting that the process significantly improved their understanding of building control functions and elevated the profile of building control within council leadership teams. In summary: • 62 per cent of councils completed an MBCP • 81 per cent have begun providing monthly reporting to the OSBS The OSBS has greater visibility of council's statutory responsibilities, operational activities, workforce capability and service demands. Together, this has helped the BPC provide the appropriate level of support with strategic planning and risk-based decision-making. Feedback from councils has been overwhelmingly positive. To support the capability of councils to exercise their Building Control function, the OSBS: • Delivered risk management training to more than 200 Municipal Building Surveyors • Visited 25 councils, including 18 rural and regional councils, providing direct support. The initiative has demonstrated tangible results. One participating council used insights generated through the MBCP process to secure additional resources, improving their building control capability.

Priority Activity	Status	Progress comment
Continue to focus on improvements in workplace culture at the VBA to deliver better outcomes for staff and stakeholders.		In 2025-26, the BPC strengthened its workplace culture through a coordinated focus on values, employee engagement, inclusion and leadership capability. A significant milestone was the launch of the BPC's four organisational values – *Do what's right, Act with purpose, Work together* and *Strive for better*. Developed through extensive employee consultation, the values provide a shared foundation for decision-making, behaviours and collaboration across the organisation. To support adoption, the BPC introduced practical resources, leadership workshops and embedded the values into key people processes, including performance and development, recruitment and employee recognition. Employee engagement and connection were strengthened through the establishment of the Engagement Committee, which translated employee feedback into action through initiatives including Harmony Day and Team Tours. These initiatives supported greater cross-functional collaboration, inclusion and connection. The BPC also advanced its commitment to diversity, equity and inclusion through the development and launch of its first Gender Equality Action Plan (GEAP). Informed by workforce data, employee feedback and consultation with 168 employees, the GEAP established 20 actions across the seven gender equality indicators, with clear accountability and measurable outcomes. The GEAP also introduced Equality Impact Assessments, providing a structured approach to considering how the BPC's policies, programs and services affect people of different genders and supporting the delivery of more equitable and inclusive outcomes for the Victorian community. This commitment to inclusion was reinforced through organisation-wide activities recognising Wear It Purple Day, National Reconciliation Week and International Women's Day, helping to build awareness, understanding and a culture of belonging. Investment in leadership and capability development remained a key priority. The inaugural Leadership Essentials program supported people leaders to build practical leadership capability, while the Senior Leader Development Program strengthened strategic leadership, organisational influence and change leadership across a senior cohort. The BPC also launched career development initiatives including interview, resume and business skills programs to support growth and career progression for our VPS Grade 2 employees.

Table 4. 2025-26 Department Performance Statement output

Performance measures	Unit of measure	2025-26 actual	2025-26 target
Number of sites with detected high or medium risk non-compliance addressed through inspection activities	number	2,667	2,500
Consumer building and plumbing enquiries resolved at first point of contact	per cent	90.5	80

Licensing and Registration

Table 5. Building and Plumbing licensing and registration

Building practitioner					Plumbing practitioner		
	Company		Natural person				
	2025-26	2024-25	2025-26	2024-25		2025-26	2024-25
Registration applications received	1,554	1,134	1,458	1,669	Registration or licensing applications received[2]	3,617	3,489[3]
Registration applications finalised	1,451	1,057	1,467	1,384	Registration or licensing applications finalised	3,498	3,662[3]
Number of registered practitioners	12,935	12,427	23,242	22,890	Number of registered/licensed practitioners	33,547	32,606
Number of current registrations as at 30 June 2026					**Number of main classes current registration and licences as at 30 June 2026**		
Builder – Commercial	2,965	2,803	6,006	5,693	Centre drainage work and fire protection work and water supply work	25,234	24,412
Builder – Demolisher	140	147	392	406	Fire protection work	1,176	1,125
Builder – Domestic	11,368	10,957	17,003	16,669	Gas fitting work	24,128	23,240
Building Inspector	38	38	1,053	1,090	Irrigation (non-agricultural) work	25,593	25,134
Building Surveyor	141	137	1,086	986	Mechanical services work	15,869	15,713
Building Designer	151	146	2,158	2,232	Refrigerated air-conditioning work	2,288	2,243
Erector or Supervisor (temporary structures)	6	6	81	83	Roofing (stormwater) work	24,879	24,167
Quantity Surveyor	13	14	114	125	Type B gas fitting work	549	567
Project Manager (domestic)	7	3	82	65	Water supply work	26,610	25,783

Owner-builder activity		
	2025-26	2024-25
Owner-builder certificates of consent issued	4,556	3,978[2]

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

3 *Data correction.*

Licensing and Registration activity

The BPC registered or licensed 69,724 building and plumbing practitioners in 2025-26, a 2.7 per cent increase compared to last year.

The registration of natural person building practitioners increased by 1.5 per cent and the number of building companies registered increased by 4.1 per cent. In total, 860 additional building practitioners were registered in 2025-26 compared to last year. A 9.3 per cent increase in the number of building surveyors registered is attributed to practitioners attaining registration through the mutual recognition pathway as outlined in the *Mutual Recognition Act 1992* and using the Australian Institute of Building Surveyors or Royal Institution of Chartered Surveyors accreditation pathway to support their application. Registrations in the commercial builder (5.6 per cent) and domestic builder (2.7 per cent) classes increased compared to last year.

Since 2021, the *Professional Engineers Registration (PE) Act 2019* has shifted the responsibility for engineer registrations to Consumer Affairs Victoria (CAV). The BPC has continued to provide endorsement for registered engineers who wish to work in the building industry. In 2025-26, the BPC recorded 5,641 engineer endorsements, which represented a 14.2 per cent increase compared to last year. There were 2,330 endorsements for civil engineers, 1,722 endorsements for structural engineers, 788 endorsements for mechanical engineers, 538 endorsements for electrical engineers and 263 endorsements for fire safety engineers.

In 2025-26, the BPC registered or licensed 941 new plumbers, with a record 33,547 plumbers registered or licensed in Victoria at 30 June 2026. This represented a 2.9 per cent increase compared to last year. Registrations or licences granted in all but one plumbing class increased. The fire protection (4.5 per cent), gas fitting (3.8 per cent) and drainage (3.4 per cent) classes had the greatest year-on-year changes.

Establishing a new refrigerated air-conditioning restricted to split system heat pump water heaters registration class

The Solar Victoria Hot Water Rebate Program incentivised the installation of heat pump hot water heaters and increased consumer demand for them. To ensure these products are installed correctly and to keep pace with consumer demand, the BPC added a new restricted class for refrigerated air-conditioning installations that allows practitioners to install, replace or commission a split system heat pump water heater that requires refrigerant pipework. The new restricted class became available on 11 May 2026 and is expected to significantly increase the number of practitioners who can install heat pump hot water heaters. Practitioners accredited in mechanical services, mechanical services restricted to split system air-conditioners and refrigerated air-conditioning restricted to basic systems are eligible to apply for the new restriction class. To 30 June 2026, 2,336 practitioners attained this registration.

Automatic Mutual Recognition

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. In 2025-26, the BPC received 242 AMR notifications, which related to 213 building practitioners and 29 plumbing practitioners. Compared to 2024-25, AMR notifications increased by 15 notifications, or 6.6 per cent (182 building notifications and 45 plumbing notifications). At 30 June 2026, 86 practitioners had AMR in effect (81 builders and five plumbers).

Improving the licensing and registration experience

In 2025-26, the BPC designed and implemented improvements to its licensing and registration experience for new applicants and existing practitioners. This was achieved by making processes simpler, more accessible and easier to navigate, while strengthening integrity. This dual focus builds public confidence in the licensing and registration system to ensure it continues to effectively protect consumers and uphold professional standards.

Compliance and Enforcement, the Inspectorate and Audits

Table 6. Building and Plumbing activity

Building			Plumbing		
	2025-26	2024-25		2025-26	2024-25
Building permits reported	102,857	100,232	Compliance certificates lodged by licensed plumbing practitioners	548,650	548,613
Building permits reported – cost of works ($ billion)	60.5	53.1			
Building permit numbers issued	103,063	99,626			
Building permit numbers issued – cost of works ($ billion)	60.7	52.4			
Temporary structure occupancy permits issued	81	83			
Technical advice – email enquiries	3,136	9,419	Technical advice – email enquiries	4,233	8,593[4]
Technical advice – telephone enquiries	7,323	6,939	Technical advice – telephone enquiries	8,216	5,829[4]

Building permit activity

In 2025-26, there were 102,857 building permits reported to the BPC having been issued by building surveyors in Victoria, with a total cost of works valued at $60.5 billion. The number of building permits issued for new buildings increased by 3.3 per cent to 61,251.

Building activity in the domestic sector increased by 3.9 per cent and accounted for more than 80 per cent of all building work in Victoria (41,444 permits issued).

In regional Victoria, 33,770 building permits were issued, a 7.7 per cent increase compared to last year (31,345). Of the five regional areas, the South West had the highest number of building permits issued with 9,977. In metropolitan Melbourne, 69,087 building permits were issued, which is steady compared to last year (68,887).

The BPC publishes a range of datasets and statistics about our building permit activity, which can be found at: **bpc.vic.gov.au/about-bpc/research-reports-and-data/data**

4 Data correction.

Compliance certificates

A compliance certificate is issued by a licensed plumber to certify that the work they have carried out complies with the relevant plumbing standards, codes and regulations. A licensed plumber is required to lodge a compliance certificate with the BPC within five days of completing work valued at $750 or more (including labour, materials, appliances and fixtures, work on below-ground sanitary drains, and work related to cooling towers, any gas-using appliance and gas piping).

Compliance certificates provide valuable information about plumbing work undertaken in Victoria. They are an integral part of the regulatory regime that ensures a high standard of plumbing work is maintained.

On 13 August 2025, the BPC introduced a 12-month expiry date to allocated compliance certificates. Without an expiry date, practitioners may otherwise never use or lodge compliance certificates previously purchased. This impacts consumers because they are unable to access plumbing insurance if something goes wrong. To support this work, data analysis of all allocated compliance certificates was undertaken and system changes were made to auto-calculate the 12-month expiry date.

To promote compliance, the BPC actively monitors allocated compliance certificates to ensure they are lodged and issued to consumers in a timely manner once work is completed. In 2025-26, there were 548,650 compliance certificates lodged compared to 548,613 last year.



Table 7. Building and Plumbing Compliance and Enforcement, Inspectorate and Audits

Building		
	2025-26	**2024-25**
Inspectorate and Building Compliance		
Building Documentation audits (permits)	174	92
Levy audits (building surveyors)	51	41
Building permits inspected	6,244	6,308
Number of sites with detected high or medium risk non-compliances addressed through inspection activities (target: 2,500)	2,667	2,915
Statutory referrals received	272	255
Requests for consent to terminate a building surveyor	400	223
Building surveyor transfer of function notifications	3,051	2,313
Complaints		
Building practitioner complaints received	1,425	1,799
Investigations		
Building practitioner investigations completed	170	275
Enforcement		
Show cause notices issued	86	72
Prosecutions completed	59	16
Building prosecutions commenced, but not completed as at 30 June	33	40
Plumbing		
Inspectorate and Building Compliance		
Plumbing audits and drain inspections completed	5,245	5,644
Complaints		
Plumbing practitioner complaints received	1,415	1,569
Investigations		
Plumbing practitioner investigations completed	75	421
Enforcement		
Plumbing Inquiries	21	22
Prosecutions completed	9	5
Plumbing prosecutions commenced, but not completed as at 30 June	9	7

The Inspectorate

The BPC inspects building and plumbing work under construction in Victoria to protect consumers from harm and to educate building and plumbing practitioners about their obligations and ensure they meet their responsibilities and functions under the Act and Regulations.

In 2025-26, the BPC continued to focus its regulatory activities on higher risk non-compliances that cause harm to consumers. The BPC changed its inspections regime and now conducts inspections that are either:

- Planned – site selected to conduct monitoring and compliance activities under s228 of the Act.
- Responsive – to support a complaint or investigation, either before or after an occupancy permit has been issued.
- Strategic – where the inspection relates to a focus area, such as balconies or drains.

The BPC has increased its use of enforcement tools in the field to compel registered building and plumbing practitioners to rectify non-compliant work so consumers can enjoy safe and compliant buildings. These enforcement tools also allow for non-compliant work to be rectified sooner, without the need for a prolonged disciplinary process or penalty. In 2025-26, the BPC issued 71 Directions to Fix (DTF) to building practitioners and 936 Rectification Notices to plumbing practitioners.

A DTF may be issued to a builder to address non-compliances inspected during construction. It is not a punitive tool and its purpose is to correct a non-compliance. A DTF is generally used where there is a straightforward non-compliance with clear steps to resolve, we consider that an education approach may not be sufficient to achieve compliance and the risks arising from the non-compliance are significant. The building practitioner will notify the BPC when the work subject to a DTF has been completed and the matter is closed through presenting the relevant documentation, providing an independent report or through a follow up inspection. More information about this enforcement tool can be found at: **bpc.vic.gov.au/builders/compliance-and-enforcement/directions-to-fix**

A Rectification Notice may be issued to a plumbing practitioner who has carried out non-compliant plumbing work. The purpose of a Rectification Notice is to achieve a compliant and safe plumbing outcome by requiring identified non-compliances to be corrected within a specific timeframe. Unlike enforcement action that penalises wrongdoing, a Rectification Notice focuses on addressing the underlying issue and protecting consumers.

When a practitioner does not comply with either of these enforcement tools, they are referred for further disciplinary action.

To support the use of these enforcement tools and expand the BPC's regulatory footprint across Victoria, the BPC has recruited additional inspectors. This enabled targeted regional inspection campaigns, a greater focus on class 2 apartment building compliance and increased the BPC's inspections activity by conducting drainage inspections on Saturday.

The 2025-26 Department Performance Statement outlined a target of 2,500 sites with detected high and medium risk non-compliances addressed through the inspection activities. The BPC exceeded this target, with 2,667 sites inspected with high and medium risk non-compliances this financial year.

Spotlight on drain compliance

In 2025-26, the BPC continued its blitzes that targeted priority areas that cause harm to consumers. These involved reviewing design documentation, targeted inspections and consumer and practitioner education and awareness campaigns to promote compliant and safe practices.

In July and August 2025, a two-week drainage blitz was undertaken in the western and northwestern suburbs of Melbourne and Ballarat. Faulty drainage can cause flooding, structural damage and costly repairs once a home is occupied. All below-ground drainage work must be inspected and approved by the BPC before being backfilled.

Of the 440 inspections in 177 suburbs, 294 drains were compliant and 146 were non-compliant. BPC inspectors found incorrect gradients and alignments, drains already backfilled so they couldn't be properly inspected and plumbing practitioners not being on site for the inspection when they're required to be.

The BPC took several actions to rectify non-compliant work, which included:

- 51 orders to fix non-compliant work
- 14 cases referred for potential disciplinary action
- 35 fines totalling more than $20,000
- Four unregistered people facing prosecution

Statutory Referrals

The Act requires building surveyors to notify the BPC of specific offences by the builder listed on the building permit. These are:

- Section 33 – failing to call for a mandatory inspection set out in the building permit or failing to stop work at completion of a mandatory inspection stage, if directed to do so by the relevant building surveyor; and
- Section 37 – failing to comply with a written Direction to Fix (DTF) in the timeframe provided to do so.

The Act also requires the building surveyor to refer a Building Order to the BPC for enforcement if the property owner has failed to comply with an order in the timeframe provided.

In 2025-26, the BPC received 272 statutory referrals, a six per cent increase compared to last year (255 statutory referrals). This was attributed to an increase in building permit activity resulting in more section 33, section 37 and Building Order referrals compared to last year.

Terminations

The Act provides that the appointment of a private building surveyor cannot be terminated without the consent of the BPC. The BPC's consent is also required when a building surveyor is no longer able to carry out their function, to ensure there is another building surveyor appointed for the continuity of building work on any open building permits.

In 2025-26, the BPC received 400 requests for consent to terminate a building surveyor, an 80 per cent increase compared to last year (223 requests for consent to terminate a building surveyor). This can be attributed to increased disciplinary activity against building surveyors and consumer and building surveyor preference.

Transfer of Functions

Under the Act, a building surveyor may transfer their functions to another building surveyor, either private or municipal, permanently or for a fixed period. Reasons for transfer include taking extended leave, relocating their business, ill health, retirement or by agreement with their clients.

The BPC's consent is not required for a transfer of functions, but under the Act, building surveyors are required to notify both the BPC and the relevant council when a transfer of functions has taken place for it to take effect.

In 2025-26, the BPC received 3,051 transfer of function notifications, compared to 2,313 last year. This increase is attributed to two large bulk transfers of more than 600 appointments each in September 2025.

The most commonly reported reasons for transfer of function related to client preference and building surveyors leaving their employer.

Building Documentation Audit Program (BDAP)

The Building Documentation Audit Program (BDAP) monitors whether regulatory requirements are met for building work in Victoria and works with practitioners to promote a safe built environment.

During 2025-26, the program continued to undertake risk-based reviews of administrative and technical documentation associated with building permits. Audit activity focused on identified harms and regulatory risks, including balconies, townhouses, Class 2 buildings, swimming pools and mutual recognition practitioners.

In 2025-26, the BDAP conducted 174 documentation audits covering compliance with the NCC, relevant Australian Standards and the administrative requirements of the Act and Regulations.

The BDAP progressed a targeted, harms-focused audit program. This included work to support the balcony harms blitz and a Building Audit townhouse campaign. Audits undertaken related to balcony waterproofing, swimming pools, townhouses, class 2 apartment buildings and structural audits. The townhouse audits provided a snapshot of the standard of building permit document quality, focusing on fire safety, internal and external waterproofing. The audits revealed documentation gaps and details lacking to demonstrate compliance. External wall fire separation requirements produced the most non-compliance findings. This highlighted the need for building permit documentation and details to be more explicit and opportunities for targeted guidance, advice and education for industry.

Levy Audit program

The Levy Audit team carries out Building Activity Management System (BAMS) record audits on registered building surveyors to determine their reporting compliance in regard to:

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

In 2025-26, the BPC completed 51 audits compared to 41 a year ago.

The BPC collected $151,226 from levy reassessment. This included building surveyors who did not report the occupancy permit date and number to the BPC, or reported wrong data, contravening Regulation 47.

To help inform audited building surveyors, the BPC issues an audit report to them with detailed findings, causes of non-compliance and recommendations to inform best practice compliance related to Section 18AA and Regulation 47.

Complaints

In 2025-26, the BPC received 1,425 building complaints and 1,415 plumbing complaints, a 21 per cent decrease and 10 per cent decrease respectively compared to last year.

A new process introduced this year provides guidance and assistance to consumers before lodging a complaint with the BPC. This reduced the number of complaints lodged that were assessed as out of the BPC's regulatory remit.

In 2025-26, the BPC received its fewest number of complaints in more than five years and compared to 2020-21, complaints have decreased by 21 per cent (3,591 complaints in 2020-21).

The majority of complaints are received from property owners, however we also receive complaints from other government agencies, building and plumbing industry practitioners, and adjoining owners.

Municipal Building Control Plans (MBCP)

To support building control work across a building's lifecycle, the Municipal Building Control Plan (MBCP) initiative was launched in full this year. Its aim is to improve understanding of municipal building control functions and recognise the important role they play in protecting communities and maintaining compliance.

The MBCP provides councils with greater visibility of their statutory responsibilities, operational capabilities, workforce capability and service demands, to ensure they have the right structures in place to support best practice building control work. To date, more than 60 per cent of Victorian councils have completed an MBCP and more than 80 per cent engage with monthly reporting requirements. This initiative has been warmly received by councils, who have gained insights into the scope of their building control functions, and it has elevated the profile of this important work within council leadership teams. Our work was underpinned by visits to more than 25 councils, including 18 regional and rural councils, as well as training delivered to more than 200 municipal building surveying staff.

Investigations

This year, the BPC's Investigations team progressed several matters that were serious, complex and caused significant consumer detriment. The Investigations caseload represents matters that resulted in a higher throughput for recommended disciplinary action. Where other regulatory tools were more useful to consumers and would result in better outcomes, they were utilised. This was part of the BPC's strategy to use all of its regulatory tools fully and not place all of its regulatory focus on investigative and disciplinary work.

In 2025-26, the BPC completed 245 investigations, which included 170 building investigations and 75 plumbing investigations. A decrease in the number of investigations completed year-on-year can be attributed to a deliberate reset of the Investigations strategy to focus on the most serious and complex matters.

The BPC's investigations are now squarely focused on where the risks to consumers and industry are greatest. This means that investigations now comprise serious and complex matters. This shift has been undertaken in conjunction with the increased use of other enforcement tools such as Directions to Fix and Rectification Notices, and led to an increase in the value of financial penalties issued and number of practitioners cancelled, suspended and disqualified.

The Investigations team expanded its capability to respond swiftly and effectively to complex matters, particularly those posing higher risks to public safety and industry performance. This resulted in 133 matters being referred for enforcement action.



Enforcement

The BPC takes disciplinary action against building practitioners through its Practitioner Discipline function and against plumbing practitioners through Plumbing Inquiries.

For building practitioners, the formal disciplinary process commences with a show cause notice. In 2025-26, the BPC issued 86 show cause notices compared to 72 last year.

In 2025-26, the BPC issued 104 cancellations and suspensions of registrations compared to 49 last year. There was a six-fold increase in the number of immediate suspensions from four to 24, demonstrating the BPC's focus on moving registered and licensed practitioners who do the wrong thing out of the regulatory system. This year, monetary penalties valued at $2,135,214 were imposed. This was $766,187 more than last year ($1,369,027).

The BPC continued to advocate to the Magistrates' Court as to why stronger penalties were warranted in specific cases, as part of its remit to support consumers and act as a credible threat to people who do the wrong thing. In 2025-26, there were 68 prosecutions completed – 59 building and 9 plumbing prosecutions completed, compared to 21 last year.

The most prosecuted offences related to false registration status, performing work when unregistered, not building according to the permit and building without the required insurance.



Spotlight on unregistered and unlicensed people carrying out regulated work

One in 10 of the complaints to the BPC are about unregistered and unlicensed people carrying out regulated building or plumbing work. The rise of digital job-sharing platforms has made it easier for unregistered and unlicensed people to target consumers looking to save money. Work carried out by these people can have life threatening consequences if it is non-compliant.

The BPC has prioritised enforcement action against unregistered and unlicensed people, sending a clear message that those who undertake regulated building and plumbing work without a registration or licence will be identified, investigated and held to account. Three examples of this enforcement action were:

- In March 2026, the Dandenong Magistrates' Court convicted and fined Joshua Mionnet $70,000 after he was found guilty of four charges related to unregistered building and plumbing work at a Belgrave home. The offences included carrying out building and plumbing work without the required accreditation, carrying out building work without a permit and without the required insurance.
- In May 2026, the Bairnsdale Magistrates' Court convicted and fined Dean Luke Johnstone of East Gippsland Home Projects more than $32,000 after he pleaded guilty to three charges of carrying out domestic building work without the required registration and insurance.
- In June 2026, the Moorabbin Magistrates' Court convicted and fined Ha Thi "Miki" Nguyen $170,000 after she pleaded guilty to 12 offences under the Act, including falsely representing herself as a registered builder and undertaking domestic building work without the required registration and insurance.

The BPC publishes the outcomes of its prosecutions and disciplinary action on the Prosecution and Disciplinary Register. The Register records disciplinary action taken against registered building and plumbing practitioners and unregistered people doing regulated building and plumbing work. The Register is available at: **bpc.vic.gov.au/disciplinary-register**

The outcomes from the BPC's prosecutions and disciplinary action are also published on the BPC's social media channels. This has proven to be an effective way of informing consumers about people who do the wrong thing and reinforces important messages about engaging registered and licensed practitioners. The Find and Check a Practitioner search tool enables consumers to find a registered or licensed building or plumbing practitioner, check their registration status, the type of work they are allowed to do and see whether their registration or licence has any conditions or limits. The tool can be accessed at: **bpc.vic.gov.au/find-and-check-a-practitioner**

Dispute Resolution

The BPC provides Victoria's free domestic building dispute resolution service, helping homeowners and building practitioners resolve disputes efficiently, fairly and at no cost to the parties. Formerly delivered through Domestic Building Dispute Resolution Victoria (DBDRV) until it was integrated into the BPC on 1 July 2025, the service offers an alternative to litigation and is designed to resolve disputes before they escalate to proceedings in the Victorian Civil and Administrative Tribunal (VCAT).

Dispute Resolution assists with disputes related to domestic building work, including defective or incomplete work, contractual disputes, delays, variations, workmanship concerns and other matters arising between homeowners and building practitioners. Both consumers and practitioners can access the service, provided they have first taken reasonable steps to resolve the dispute directly with the other party.

Disputes accepted by the BPC are managed by accredited Dispute Resolution Officers who facilitate conciliation between the parties. The process is impartial and focuses on achieving practical outcomes that avoid the time, cost and uncertainty associated with formal legal proceedings. Where appropriate, building assessments are undertaken to determine whether defects are present and attributable, and to support the resolution of disputes.

Where conciliation is successful, disputes may be resolved through agreed actions and commitments between parties. If a dispute cannot be resolved through conciliation, the BPC has the power to issue dispute resolution orders in appropriate circumstances or provide parties with a certificate of conciliation enabling them to proceed to VCAT for determination. This ensures consumers and practitioners have a clear pathway to further dispute resolution where an agreement cannot be reached.

Table 8. Dispute Resolution settlement rate

	2025-26	2024-25
Settlement rate (%) [target: 60]	64	62

Service performance

During 2025-26, Dispute Resolution experienced a 20.5 per cent increase in demand for its services, with 5,672 applications received compared to 4,707 applications last year. During the year, Dispute Resolution assisted 11,900 parties involved in building disputes.

Defective building work was the most common type of dispute in 2025-26 and was selected in 80 per cent of applications. Other dispute types selected included incomplete or delayed building work, building site access, and payment issues.

Benefits realised through integration

The integration of DBDRV into the BPC on 1 July 2025 delivered a range of benefits for consumers and the organisation, including:

- Timelier and increased discretionary referrals of practitioner compliance matters from Dispute Resolution to the BPC's regulatory functions
- Strengthened collaboration across the BPC, which enabled:
  - Improvements to Dispute Resolution's discretionary referral processes and practices; and
  - The Chief Dispute Resolution Officer's ability to exercise statutory functions more effectively
- Enhanced engagement with industry and key stakeholders through BPC Special Advisory Panels and partnerships with organisations including the Victorian Building Monitor, Housing Industry Association and Master Builders Association.

> I had a matter that had been ongoing without resolution for a year and a half and couldn't see a way forward until I contacted [Dispute Resolution]. I am extremely happy and grateful for the support and assistance provided … without this process I would not have reached the outcome achieved!

> The Dispute Resolution Officer was extraordinarily knowledgeable, calm and clear in all her communications to me explaining steps, and process and requirements. She was understanding of needing an extension to respond due to complexity of my situation and I never felt rushed or like I was difficult – so I am very, very thankful of her professionalism & help to understand things!

Insurance

Domestic Building Insurance (DBI) is Victoria's mandatory insurance scheme for domestic building work valued at over $16,000. From 1 July 2025, the BPC issued DBI following the integration of the Domestic Building Insurance business unit from the Victorian Managed Insurance Authority (VMIA) into the BPC.

DBI provided consumers with last-resort protection where a builder died, disappeared or became insolvent, or failed to comply with court or tribunal orders. For eligible claims, the scheme generally provided cover of up to $300,000 for loss arising from incomplete or defective building work.

The BPC was responsible for administering DBI arrangements, including policy administration, claims management, consumer support and insurance-related regulatory functions.

Throughout the year, the BPC prepared for the transition to the new Home Warranty scheme commencing on 1 July 2026, which expands consumer protections and positions the BPC as the sole provider of mandatory insurance for domestic building work valued at over $20,000.

In 2025-26, there was strong demand for DBI, with 83,213 certificates of insurance purchased, a 13 per cent increase compared to last year (73,446). The amount of gross written premium increased by 26 per cent from $183.3 million to $231 million, reflecting the central role that DBI played in Victoria's residential building activity.

Significant improvements were made in service provision and claims performance, with the average time from claim lodgement to liability decision decreasing from 48 days a year ago to 33 days this year – an improvement of nearly one third and leading to timelier outcomes for homeowners.

To support the introduction of Home Warranty on 1 July 2026, homeowner and owner builder information packs were fully revamped with plainer language and clearer explanation of the cover available at every stage of a build.

Harms-based approach to regulation

The BPC continued to embed a harms-based approach across its regulatory activities, ensuring regulatory effort is directed towards areas where regulatory activity can prevent the greatest harm to consumers and the community.

Rather than focusing solely on compliance outcomes, this approach considers the likelihood and consequence of harm and uses intelligence, research, inspections, audits and stakeholder engagement to identify systemic risks and target regulatory action where it can have the greatest impact.

The water ingress on balconies campaign is one example of how this approach is being applied in practice – using data, risk profiling and targeted interventions to prevent non-compliance before it becomes embedded in occupied buildings and causes significant consumer harm.

As part of this work, the BPC strengthened its use of regulatory intelligence, improved collaboration across key operational units, enhanced referral pathways with co-regulators and embedded lessons learned from targeted campaigns into business-as-usual regulatory activities.

Insights from harms-based projects informed future regulatory priorities, industry education, guidance and compliance activities and supported improvements in regulatory systems, data and reporting.

By embedding harm prevention as a core principle of the BPC's regulatory decision-making, we achieve our aim of reducing consumer harm, improving building quality and strengthening public confidence in Victoria's building and plumbing system.

Water ingress on balconies

What we did and why

Water ingress remains one of the most common and costly building defects in Victoria. It can compromise structural integrity, contribute to dampness and mould, and result in significant rectification costs, disputes and consumer harm.

To address this harm, the BPC undertook targeted regulatory activities focused on water ingress on balconies in Class 2 and Class 3 buildings under construction. Building on findings from the 2024-25 inspection campaigns, the 2025-26 campaign expanded its approach to include documentation audits, site inspections and cross-agency collaboration, which enabled risks to be identified earlier in the building lifecycle.

The program focused on reducing consumer harm through targeted, harms-based regulation and included:

- Documentation audits to assess whether designs and supporting information demonstrated compliance with the National Construction Code (NCC) and relevant Australian Standards.
- Targeted site inspections focused on waterproofing, drainage, weatherproofing and construction practices.
- Risk-based site screening and pre-inspection reviews to improve targeting and identify issues earlier.

- Collaboration with co-regulators, including the Architects Registration Board of Victoria (ARBV), to address design-related risks and strengthen accountability.
- Practitioner guidance, education and communications activities to raise awareness of recurring issues and improve industry capability.

What we found

Our work confirmed that water ingress on balconies remains a systemic and predictable risk across the sector. Documentation audits found that all audited designs lacked sufficient information to fully demonstrate compliance, highlighting broader shortcomings in design documentation practices.

Across documentation audits and inspections, the BPC identified recurring issues including:

- Inadequate or incomplete design documentation, including missing technical information, evidence of suitability and hydraulic calculations.
- Waterproofing defects such as insufficient membrane thickness, poor application, missing terminations, pinholes and blistering.
- Drainage non-compliance, including undersized outlets and overflows, inadequate falls, ponding and drainage systems not aligned with approved plans; and
- Construction issues, including incorrect set-downs, deviations from approved designs and poor coordination between trades.

In 2025-26, the BPC inspected more than 160 balconies across Victoria. Most inspections identified medium-risk non-compliances requiring rectification or further evidence of compliance. The findings also reinforced earlier campaign results that lower-rise apartment developments, particularly buildings of five to six storeys and below, experience a higher concentration of balcony-related non-compliances.

The campaigns demonstrated that water ingress is rarely the result of a single failure. Instead, it typically arises from weaknesses across the entire project lifecycle, from design and documentation through to construction, verification and oversight.

What difference this made

The BPC's harms-based regulatory approach demonstrated how targeted regulatory intervention can lift practitioner capability, drive accountability, prevent defects early and reduce consumer harm, while delivering lasting improvements across the building system.

By identifying risks during construction rather than after occupation, the campaigns enabled defects to be rectified earlier, before they became more costly and disruptive to consumers. Practitioners were required to rectify identified non-compliances or provide evidence demonstrating compliance, resulting in the majority of issues being resolved without the need for formal enforcement action.

The campaigns also:

- Improved industry awareness of common balcony failure points and compliance obligations.
- Strengthened regulatory intelligence by identifying recurring weaknesses in design documentation, waterproofing and drainage practices.
- Established referral pathways with ARBV, enabling earlier intervention at the design stage and improving professional accountability.
- Informed future guidance, education and regulatory activities targeted at recurring non-compliance issues; and
- Embedded water ingress on balconies as an ongoing regulatory priority, with campaign findings now informing business-as-usual inspection and compliance activities.

Importantly, early intervention helped avoid costly post-handover rectification works. Based on available industry and research data, the average cost of remediating a balcony water ingress defect is estimated at approximately $24,000 per balcony[5]. By identifying and addressing non-compliances before occupation, the campaigns helped consumers avoid these costs, the broader health impacts associated with mould and dampness as well as insurance claims, property value loss and disruption to residents due to post-occupancy repairs.

Campaign insights are informing clearer guidance for practitioners, stronger referral pathways, improved data and reporting capability, embedding of harms-based regulation across the organisation as part of BPC's enduring regulatory priorities to protect consumers from the harm caused by water ingress.

5 *Balcony remediation cost estimate based on data from Cladding Safety Victoria (CSV), the Building Confidence Report (BCR), Australian Building Codes Board (ABCB) and Office of the Building Commissioner (OBC) NSW. It considers various factors such as waterproofing, evacuation costs, insurance costs, loss of property value and emotional stress. Does not consider health impacts from mould and damp conditions. This does not include other damage costs, e.g. timber framing and substrate damage. Also, does not include rectification costs to habitable spaces below the balcony as a result of water ingress.*

Research

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

The program is aligned with the BPC's regulatory priorities and strengthens the evidence base needed to identify, understand and effectively target specific harms.

In 2025-26, research program activity included 15 different projects. Through these, the BPC's research network included 29 research institutions, government and industry stakeholders.

Research Grant Program

In early 2026, the fourth round of the BPC Research Grant Program invited researchers from Australian universities to apply for financial and/or in-kind support for research. The program prioritises high-impact research that is aligned with the BPC's regulatory priorities, specifically projects aimed at reducing harm or improving consumer outcomes while delivering measurable productivity gains. Grant funding decisions are expected in early 2026-27.

Building 4.0 Cooperative Research Centre

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

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

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

Research projects commenced in 2025-26

In 2025-26, two research projects were commenced:

- Building 4.0 Cooperative Research Centre:
  - Project 109: **Evaluating the effectiveness of a digital traceability pilot**
  - Project 118: **Featherweight Housing: Unlocking affordable, compliant, and rapidly deployable walk-up housing through digital innovation and regulatory reform**

Research projects completed in 2025-26

In 2025-26, seven research projects were completed, with reports to be published in 2026-27.

- Research Grant Program:
  - The University of Sydney: **Improving the building envelope resilience to moisture damage**
  - Deakin University: **Investigating water pressure in the plumbing systems of Victorian houses**
  - Victoria University: **Developing measures to combat insolvency in the residential construction industry**
  - Adelaide University: **Designing and building safely on Victoria's expansive soils**
  - Adelaide University: **Virtual Reality-based building code assessment training for early-career building surveyors**
- Building 4.0 Cooperative Research Centre:
  - Project 56: **Accelerating Building 4.0 CRC research translation and impact**
  - Project 80: **Insolvency in the residential construction industry**

Research projects in progress at 30 June 2026 and commenced prior to 1 July 2025

Six research projects were in progress at 30 June 2026 and which commenced before 1 July 2025:

- Research Grant Program:
  - RMIT University: **Assessment of thermal bridging in Victorian apartment buildings**
- Building 4.0 Cooperative Research Centre:
  - Project 49: **Implications of industry 4.0 technologies on work practices**
  - Project 55: **Towards smart contracts and smart finance in construction**
  - Project 58: **The Retrofit Housing Atlas – Adaptive reuse of housing in Australia**
  - Project 66: **Future of construction education**
  - Project 90: **Evaluating the effectiveness of roofing work inspections using Remotely Piloted Aircraft Systems**

Table 9. Disclosure of review and study expenses

Name of research project or study	Reasons for research or study	Terms of reference/scope
Increasing the building envelope resilience to moisture damage (The University of Sydney)	The research aims to identify effective ways to improve the resilience of building envelopes to moisture damage, condensation and mould.	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.
Anticipated outcomes	**Estimated cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
Evidence-based recommendations to improve building design, construction and maintenance of climate-appropriate building envelope methods in Victoria.	$0[6]	$110,000
Publicly available URL: **Improving building envelope resilience to moisture damage**		

Name of research project or study	Reasons for research or study	Terms of reference/scope
Investigating water pressure in the plumbing systems of Victorian houses (Deakin University)	The research aims to improve the performance and reliability of residential plumbing systems, addressing risks such as leaks and pipe bursts that can impact health, safety and cost. It explores how pressure monitoring, combined with advanced data analytics, can enable smarter systems that detect issues earlier and prevent major failures.	Key elements include installing sensors in selected homes to collect detailed pressure data, analysing transient pressure to understand system behaviour, and applying artificial intelligence and machine learning to identify usage patterns, define normal operation, and detect anomalies indicating potential issues.
Anticipated outcomes	**Estimated cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
Improve understanding of pressure conditions in residential plumbing systems to support development of smart plumbing systems capable of detecting early signs of failure to support potential for real-time alerts to homeowners about emerging plumbing issues before they escalate.	$33,000	$58,000
Publicly available URL: **Investigating water pressure in the plumbing systems of Victorian houses**		

6 *There was no cost for this research project this year because funding was provided in previous years.*

Name of research project or study	Reasons for research or study	Terms of reference/scope
Developing measures to combat insolvency in the residential construction industry (Victoria University)	The research responds to rising insolvencies in the residential construction industry, which now account for around one-third of all company failures and pose significant risks to industry stability, project delivery, and consumer confidence. It aims to better understand drivers of insolvency and ways to strengthen resilience across the sector.	Conduct financial and economic analysis of insolvent residential construction companies to identify behaviours and conditions leading up to insolvency. This includes examining early indicators of financial distress, analysing company practices prior to insolvency, and evaluating overall financial health. The research will also develop targeted mitigation strategies to strengthen resilience and reduce insolvency risk across the industry.
Anticipated outcomes	**Estimated cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
The research delivered improved understanding of the financial health and risk indicators of residential construction companies; benchmarks for identifying insolvency risk helping industry and regulators respond earlier; and practical actions to support business viability in the residential construction sector;	$16,000	$36,000
Publicly available URL: **Developing measures to combat insolvency in the residential construction industry**		

Name of research project or study	Reasons for research or study	Terms of reference/scope
Designing and building safely on Victoria's expansive soils (Adelaide University)	The research addresses the risks of building on expansive soils in Victoria by supporting the development of practical guidelines to reduce structural damage caused by climate driven ground movement.	Using Victorian soil and climate data, the project will develop a predictive tool and interactive map to identify high-risk areas, alongside practical construction guidelines tailored to different expansive soil conditions.
Anticipated outcomes	**Estimated cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
The project developed guidelines and tools to reduce structural damage risks in areas of Victoria with expansive soils, including a predictive mapping resource to help identify high-risk locations. It improves understanding of soil movement and supports better decisions in design and construction, leading to safer, more durable buildings and lower repair costs.	$27,000	$42,000
Publicly available URL: **Designing and building safely on Victoria's expansive soils**		

Name of research project or study	Reasons for research or study	Terms of reference/scope
VR-based building code assessment training for enhancing on-the-job experience and fast up-skilling of early-career/ inexperienced building surveyors' competencies and capabilities (Adelaide University)	The research addresses a shortage of building surveyors in Victoria by exploring new ways to improve training and accelerate skills development for early-career building surveyors.	Development of a prototype virtual reality (VR)-based training solution to support building code assessment.
Anticipated outcomes	**Estimated cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
Development of an immersive training program that simulates realistic building code assessment scenarios, helping student and early-career building surveyors build skills and support ongoing professional development.	$39,500	$49,500
Publicly available URL: **Virtual Reality-based building code assessment training for early-career building surveyors**		

Name of research project or study	Reasons for research or study	Terms of reference/scope
On-ground assessment of thermal bridging in Class 2 building construction in Victoria (RMIT University)	To better understand and address thermal bridging in Victorian apartment. Thermal bridging can make buildings colder in winter and hotter in summer, increasing the risk of condensation and mould growth. This can negatively impact indoor air quality, occupant health, and the durability of the building itself.	The project involves on-site assessment of thermal bridging in apartment buildings in Victoria across four construction systems commonly used.
Anticipated outcomes	**Estimated cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
Development of an interactive and evaluative tool, informed by real thermal-bridging data. This tool will incorporate design guidance to help identify risk of thermal bridging and mitigations.	$30,000	$64,000
Publicly available URL: **Assessment of thermal bridging in Victorian apartment buildings**		

Name of research project or study	Reasons for research or study	Terms of reference/scope
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 BPC's research focus and will help drive digital adoption and systemisation of the industry.	Building 4.0 CRC aims to address longstanding systemic problems in the construction industry including stagnating productivity, limited digitisation or adoption of advances in manufacturing technology, and poor knowledge transfer.
Anticipated outcomes	**Cost for the year (excl. GST)**	**Final cost if completed (exc. GST)**
By participating in the CRC, the BPC is working closely with industry and research leaders who have advanced digital and technological expertise, on common projects and initiatives that improve digitisation and innovation in the building industry.	$50,000	$350,000 (total financial contribution over seven years until 2027-28)
Publicly available URL: **Building 4.0 Cooperative Research Centre**		

Projects in progress or completed in 2025-26:

Project 49: **Implications for Industry 4.0 technologies on work practices**

Project 55: **Towards smart contracts and smart finance in construction**

Project 56: **Accelerating Building 4.0 CRC research translation and impact**

Project 58: **The Retrofit Housing Atlas: Adaptive reuse of housing in Australia**

Project 66: **Future of construction education**

Project 80: **Insolvency in the construction industry**

Project 90: **Evaluating the effectiveness of roofing work inspections using Remotely Piloted Aircraft Systems**

Project 109: **Evaluating the effectiveness of a digital traceability pilot**

Project 118: **Featherweight Housing: Unlocking affordable, compliant and rapidly deployable walk-up housing**

Industry and consumer engagement

In 2025-26, the BPC delivered 17 targeted sponsorships and events that reached about 40,000 practitioners and consumers. These engagements fulfilled objectives of improving awareness, understanding and trust in the BPC's regulatory role, while promoting the achievement of stronger compliance outcomes from practitioners.

Sponsorship and event activity focused on informing current and aspiring practitioners about licensing and registration requirements, upcoming regulatory reform initiatives and promoting workforce capability and participation, including initiatives supporting women in the building sector.

By leveraging partnerships with major industry associations including the Housing Industry Association, Master Builders Association of Victoria, Master Plumbers, the Australian Institute of Building Surveyors and the Royal Institution of Chartered Surveyors, to name a few, the BPC expanded the reach of our regulatory guidance and reform information to broader audiences.

Coupled with a focus on education-focused engagements that leveraged speaking opportunities, Q&A sessions, video showcases and educational content rather than brand visibility, we had impact, with almost 40,000 practitioners and consumers reached through this work.







Security of Payment

Security of Payment mechanisms enable construction industry contractors to be paid promptly for their work or the supply of related goods and services. These mechanisms, legislated under the *Building and Construction Industry Security of Payment Act 2002 (Vic)* (SoP Act) are crucial to ensuring contractors are paid fairly and promptly so they have working capital and can participate fully in a dynamic industry that contributes to a productive economy.

The SoP Act provides mechanisms for building practitioners and contractors to obtain payment for work undertaken or for the supply of related goods and services, also known as progress payment claims.

In 2025-26, amendments to the SoP Act made similar mechanisms available to building practitioners and contractors for performance security claims. These are claims made once construction work is carried out and goods and services have been supplied.

From 15 April 2026, a person who carried out the construction work or supplied related goods and services can make a claim under the SoP Act to have their performance security (including a performance bond or retention money) related to them. The mechanisms under the SoP Act to do that are similar to the mechanisms available for progress payment claims.

BPC oversight of Authorised Nominating Authorities (ANAs)

The BPC has several functions under the SoP Act relating to the administration of the Act, including the regulatory oversight of Authorised Nominating Authorities (ANAs).

The BPC does not have a role in payment disputes under the SoP Act, nor a direct role in the adjudication process or nomination of adjudicators.

The management of the statutory adjudication process is the role of ANAs who are authorised by the BPC to perform those functions. ANAs are the 'gateway' to the adjudication process and play a vital role in the administration of that process.

The BPC monitors the activity and reporting of ANAs to ensure their performance and compliance with their statutory and regulatory obligations and reporting requirements. This involves active engagement and communication with ANAs on performance and compliance requirements to ensure the objectives of the SoP Act that are within the responsibility of the ANAs are delivered and the intended benefits of the SoP Act are achievable.

Legislative reform

In 2025-26, the most significant reforms to the SoP Act in two decades were enacted through the *Building Legislation Amendment (Fairer Payments on Jobsites and Other Matters) Act 2025* (Fairer Payments Act), with amendments commencing on 15 April 2026.

The reforms introduced substantial changes to the Security of Payment scheme and established new requirements impacting all construction contracts. Additional amendments were subsequently made through the *Building Legislation and Treasury Legislation (Tax Relief) Amendment Act 2026*, which commenced on 24 June 2026.

The Building and Construction Industry Security of Payment Regulations (SoP Regulations) were also amended to change and prescribe a method of service for certain documents under the SoP Act. These amendments came into operation on 3 June 2026.

As the only government agency in Victoria with statutory responsibilities under the SoP Act, the BPC played a central role in supporting the implementation of these reforms. This included stakeholder engagement, communications and the development of guidance material on the SoP Act to assist industry participants in understanding and applying the new legislative requirements.

Reform implementation

To support implementation of the reforms, the BPC undertook a comprehensive review of all Security of Payment information published on its website. Existing material was updated and new resources were developed to reflect legislative changes and assist users to navigate the amended regime.

Significant engagement was undertaken with ANAs throughout the implementation period. Regular communication activities were conducted to ensure ANAs were informed of reform requirements, implementation timelines and compliance obligations. This engagement included hosting or initiating two ANA roundtables to ensure their reform readiness and to ascertain and resolve implementation concerns.

To support ongoing regulatory oversight and reporting, the BPC delivered a revised ANA quarterly reporting template that reflected the legislative changes. Consultation with ANAs was undertaken during development to ensure the reporting framework was practical, fit-for-purpose and capable of efficient implementation.

The reporting changes arising from these reforms were substantial and introduced midway through the reporting period. As a result, a transition period is expected while reporting practices mature and the impacts of the reforms are fully understood. The BPC will publish comprehensive adjudication activity data on its website during the 2026 calendar year, including reporting under both the pre-amendment and post-amendment SoP Act.

Digital and Data

In 2025-26, the Digital and Data team continued to provide secure and reliable technology services that supported the BPC's regulatory operations and digital service delivery.

A focus for this year was strengthening the BPC's cyber security and technology governance through the continued implementation of the Victorian Protective Data Security Framework (VPDSF), completion of the BPC Protective Data Security Plan (PDSP), enhanced cyber security monitoring and ongoing improvements to technology risk management and assurance.

Significant work was undertaken to mature technology governance and operational capability including enhancements to enterprise architecture, change and release management, service management processes, business continuity planning and technology operating models. These improvements have strengthened governance and supported more effective delivery of technology services across the BPC.

Several strategic digital initiatives were progressed, including the continued evolution of the Salesforce platform and broader digital roadmap, while establishing an artificial intelligence governance framework and hub to support the responsible adoption of this emerging technology to complement our work.



Our People

Launching the new BPC Values

In February 2026, the BPC launched four new organisational values. This marked an important step forward in building a shared foundation for how the BPC's people work together to deliver for the Victorian community.

One in five staff participated in focus groups that helped shape the values, ensuring they captured perspectives from across the organisation. The BPC developed practical resources for teams to apply the values in their daily work and they have been embedded in performance and development discussions and reflected in how we attract, recruit and recognise our staff.



Do what's right

Acting with fairness, respect and integrity.



Work together

Working as one team - sharing, supporting and aligning to deliver results.



Act with purpose

Taking responsibility for actions, following through and owning the outcome.



Strive for better

Always learning to get better outcomes.

Figure 1. BPC Values – Do what's right, Act with purpose, Work together and Strive for better

Gender Equality Action Plan (GEAP)

In 2025-26, the BPC developed and launched its first Gender Equality Action Plan (GEAP), establishing a framework to advance workplace gender equality and foster a culture where diversity, equity and inclusion are actively championed.

Insights provided by staff, coupled with workforce data and People matter survey results informed 20 actions across seven gender equality indicators, with clear accountabilities, measurable outcomes and implementation timeframes. The GEAP introduced Equality Impact Assessments to strengthen consideration of gender equity in organisational decision-making and established plans for a Diversity and Inclusion Advisory Group to support implementation and progress.

Diversity, equity and inclusion

To deepen cultural and diversity awareness, the BPC facilitated several key organisation-wide activities including:

- Wear It Purple Day – employees attended workplace celebrations and wore purple to raise awareness of LGBTQIA+ diversity and the importance of uniting as allies and shining a light on building a more inclusive future for all Australians.
- Reconciliation Week – the BPC hosted a webinar with John Briggs centred on the theme "All In". John is a proud member of the Yorta Yorta and Gunnai nations in south-eastern Australia and for over 30 years has educated and inspired people about First Nations culture. Staff were provided with inspiring stories and insights to learn about our shared histories, cultures and achievements, exploring how they can contribute to achieving reconciliation in Australia.
- International Women's Day – marked the occasion by promoting global campaign theme "Balance the Scales", celebrating the women around us, their contributions, their stories and the many different paths they've walked.

Learning and Development

In 2025-26, the BPC invested significantly in building the capabilities of our workforce across various levels and cohorts. Key initiatives introduced or continued included:

- BPC's Career and Business Skills Program – to support learning and career progression for VPS Grade 2 employees, workshops on the *Art of Interviewing* and *How to write a resume* were conducted. In addition, a business skills program offering Certificate III or IV qualifications aligned with individual career goals was also offered.
- Leadership Essentials – the BPC invested in team leaders through this inaugural program, designed to build practical, everyday leadership capability. It enhanced leaders' skills, confidence and capability to effectively support and lead people through key moments in the employee lifecycle, while consistently role-modelling the BPC values in day-to-day leadership practice.
- Senior Leadership Development Program – this new program builds consistent, high-impact capability among senior leaders with organisational-level influence. It strengthens the ability of senior leaders to navigate complexity and change, lead high-performing teams and deepen self-awareness.

Health, Safety and Wellbeing

With a strong focus on consultation, risk management and legislative compliance, the Health, Safety and Wellbeing team worked collaboratively with leaders, employees and key stakeholders to strengthen the BPC's health, safety and wellbeing framework.

In December 2025, the introduction of the Occupational Health and Safety (Psychological Health) Regulations 2025 created specific duties for employers to identify, assess and control psychosocial hazards in the workplace. As a result, reported workplace injuries and incidents increased in 2025-26. Enhanced awareness of psychosocial hazards, together with targeted education and communication activities contributed to higher levels of reporting across the BPC. This reflects a proactive safety culture where our employees are encouraged to raise concerns early, enabling more effective risk management and prevention strategies to be enacted.

In 2025-26, key achievements included:

- Undertaking a comprehensive safety snapshot to identify key physical and psychological health and safety risks across the organisation, divisions and business units, informing future risk mitigation and strategic planning.
- Developing working at height protocols to strengthen governance and support legislative compliance.
- Enhanced injury management processes to deliver a more consistent, timely and supportive experience for employees and managers.
- Expanded health, safety and wellbeing resources and tools available through the intranet, improving access to information while supporting manager and employee capability.
- Completed a health, safety and wellbeing training needs analysis to identify capability requirements and inform future learning and development priorities.
- Developed a health, safety and wellbeing maturity matrix to benchmark the BPC's capability and establish a strategic roadmap for continuous improvement, strengthening safety culture and organisational resilience.

Celebrating Harmony Day at the BPC





On 19 March 2026, the BPC's multiculturalism was on display as we celebrated Harmony Day.

Led by the BPC Engagement Committee, more than 150 staff attended the event, which included traditional cultural attire and cuisines from around the world. Beyond the food, the event created space for sharing stories, histories and traditions behind each dish.

It deepened our understanding of one another, strengthened connections across teams and fostered a strong sense of belonging. It was a powerful reminder that diversity is not only something we value, but something we actively celebrate at the BPC.



Governance



BPC organisation chart

at 30 June 2026

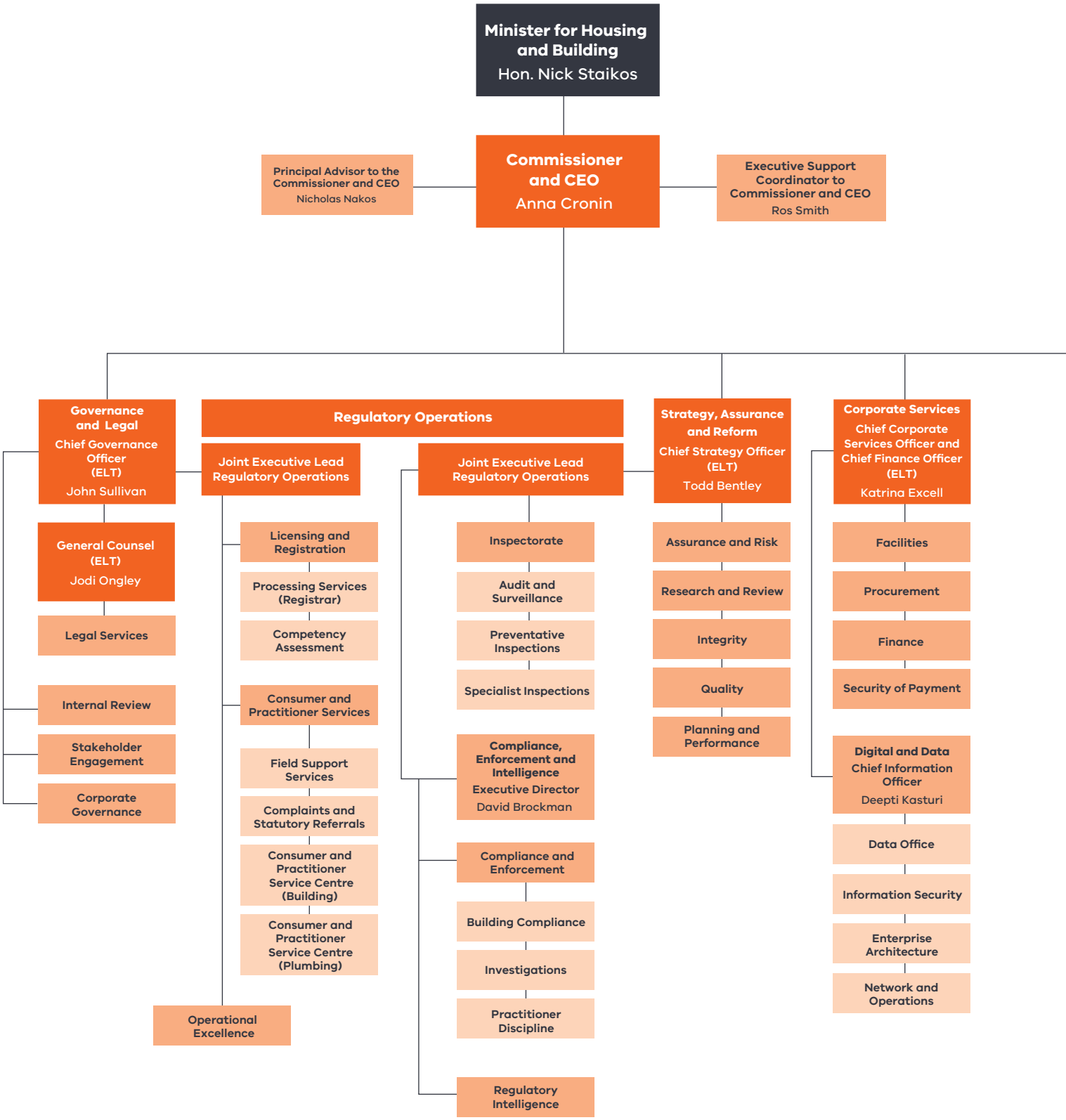
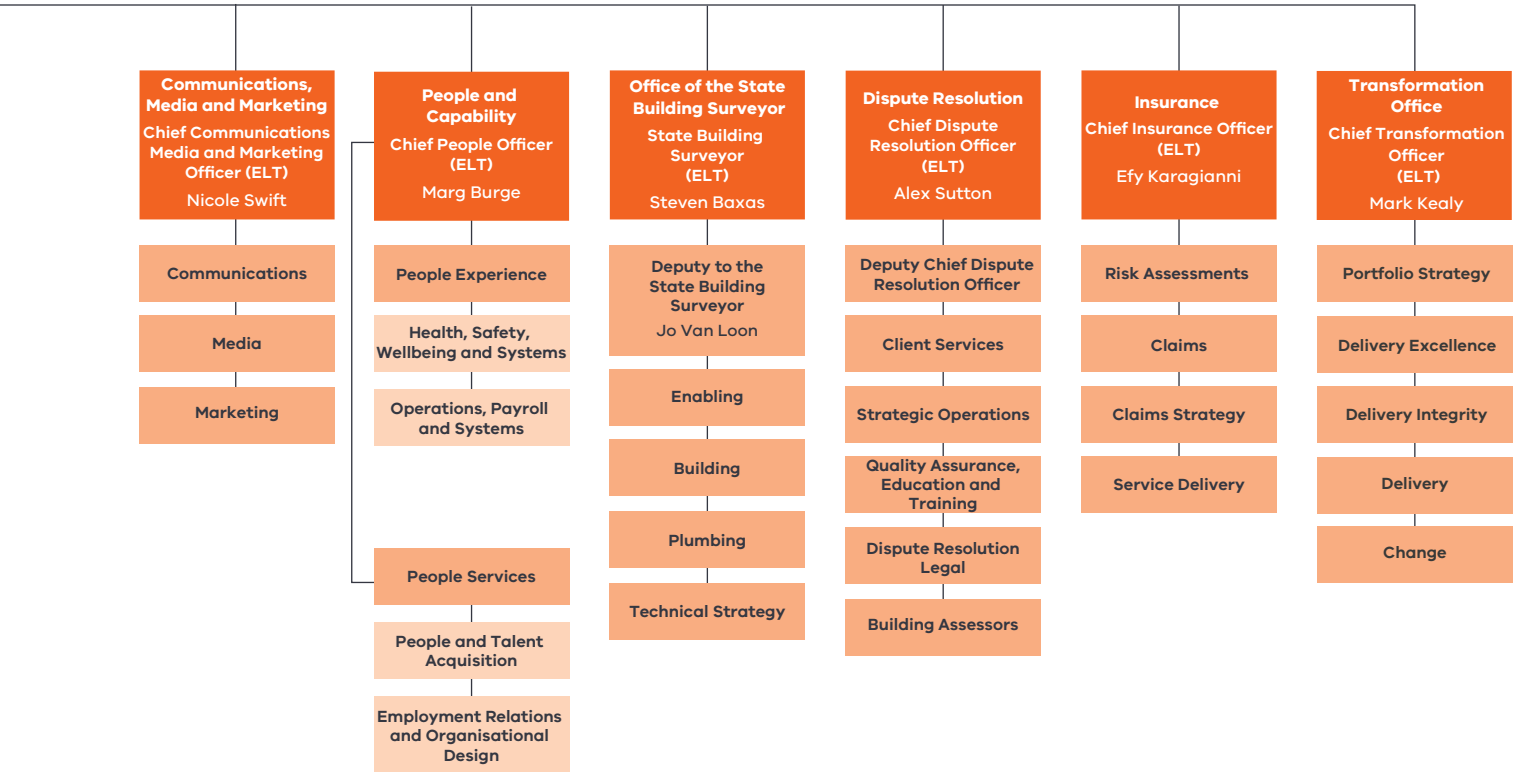


Figure 2. BPC organisation chart


Communications, Media and Marketing
Chief Communications Media and Marketing Officer (ELT)
Nicole Swift
Communications
Media
Marketing
People and Capability
Chief People Officer (ELT)
Marg Burge
People Experience
Health, Safety, Wellbeing and Systems
Operations, Payroll and Systems
People Services
People and Talent Acquisition
Employment Relations and Organisational Design
Office of the State Building Surveyor
State Building Surveyor (ELT)
Steven Baxas
Deputy to the State Building Surveyor
Jo Van Loon
Enabling
Building
Plumbing
Technical Strategy
Dispute Resolution
Chief Dispute Resolution Officer (ELT)
Alex Sutton
Deputy Chief Dispute Resolution Officer
Client Services
Strategic Operations
Quality Assurance, Education and Training
Dispute Resolution Legal
Building Assessors
Insurance
Chief Insurance Officer (ELT)
Efy Karagianni
Risk Assessments
Claims
Claims Strategy
Service Delivery
Transformation Office
Chief Transformation Officer (ELT)
Mark Kealy
Portfolio Strategy
Delivery Excellence
Delivery Integrity
Delivery
Change

BPC governance chart



Figure 3. BPC governance chart

BPC governance structure

In 2025-26, the BPC continued to be governed by a sole Commissioner. This approach was initiated on 31 March 2024 following the declaration of the VBA as a reorganising body under the *State Owned Enterprises Act 1992*, and the subsequent replacement of the former VBA Board with a single Commissioner who is also the CEO.

The changes were introduced and continued to allow the BPC to undertake the significant transformation needed to reform the regulator and respond to emerging priorities in the building and plumbing industries, as well as support its regulatory activities in the context of the Government's building reform program.

The BPC Commissioner and CEO is responsible for the governance and strategic management of the BPC. This includes:

- Overseeing the delivery of the BPC's functions, objectives and performance;
- Developing and implementing the overall strategy of the BPC;
- Establishing appropriate and effective financial governance and oversight arrangements, including the regular review of the effectiveness of those arrangements;
- Overseeing the BPC's systems for internal control, risk management, auditing and legal compliance; and
- Selecting and appointing an Acting CEO, with the approval of the Minister, when the CEO is on leave.



Supporting best practice governance

The BPC has the strongest possible commitment to best practice governance, underpinned by robust oversight, independent advice and accountable decision-making. The committees and panels outlined in this report play a critical role in supporting the BPC's governance framework, providing expert guidance and assurance across key areas of responsibility.

Audit and Risk Committee

The Audit and Risk Committee (ARC) is an integral component of our best practice governance framework.

ARC members are appointed by the Commissioner to assist with fulfilling the obligations of the Standing Directions 2018 under the *Financial Management Act 1994*, and are responsible for providing independent oversight and advice to the BPC Commissioner on the effectiveness of the BPC's systems and controls for financial management (including asset management), risk management, performance and sustainability.

The ARC comprises a minimum of three independent members who are appointed for a term of two years. Current membership includes the Chair, Mr Michael Everett and independent members Ms Maria Di Gregorio and Ms Kerrie Howard. Collectively, the ARC members have a broad range of skills and experience.

In 2025-26, the Audit and Risk Committee met on five occasions.

Insurance and Investment Committee

The Insurance and Investment Committee (IIC) is a new committee established in 2025-26 that oversees and advises on the financial and operational management of the Domestic Building Insurance (DBI) product, including its pricing, investment, reserving, capital and reinsurance policies. The IIC was created to meet the obligations of the transferred responsibility when the DBI function of the VMIA was transferred to the BPC on 1 July 2025.

IIC members are appointed by the Commissioner to ensure the DBI product is governed in line with the BPC's risk appetite, regulatory obligations and ethical standards, while monitoring performance, emerging risks and industry trends.

The IIC comprises a minimum of five independent members who are appointed for a term of two years. Current membership includes the Chair, Mr Warren Hutcheon and independent members Ms Julie Osborn, Ms Gillian Harrex, Ms Effie Doumis and Ms Keri Pratt. Collectively, the IIC members possess the relevant knowledge, skills and experience in finance, investment, actuarial, domestic construction industry, government, customer advocacy and risk management.

In 2025-26, the Insurance and Investment Committee met on three occasions.

Industry Advisory Panels

To facilitate consultation with key industry stakeholders, the BPC conducts two Advisory Panels – the Building Special Advisory Panel (BSAP) and the Plumbing Special Advisory Panel (PSAP).

The role of these Panels is to advise the BPC Commissioner on a range of matters, including:

- BPC practices and performance;
- Industry practices and performance;
- Improving the consumer 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 and plumbing industry and consumers; and
- Future regulatory reforms and changes in BPC policies or practices.

The Panels are comprised of independent members who have the knowledge, skills and experience necessary to contribute advice and industry insights to support the BPC Commissioner to improve regulatory performance. Members include senior representatives from key industry organisations, professional associations, unions, councils and consumer bodies.

In 2025-26, the Building Special Advisory Panel met on six occasions and the Plumbing Special Advisory Panel met on five occasions.

Executive Leadership Team

The Commissioner and CEO is supported by the Executive Leadership Team (ELT) in the day-to-day management of the BPC. The role of the ELT as the organisation's primary decision-making forum includes:

- Supporting the Commissioner to fulfil their duties as set out in legislation, regulation and government policy;
- Providing support to ELT members discharging obligations and responsibilities either conferred directly upon them by the *Building Act 1993* and other relevant legislation such as the *Financial Management Act 1994* and the *Public Administration Act 2004*, or as delegated by the Commissioner;
- Identifying and developing controls to mitigate risks within Commissioner-approved risk appetite;
- Encouraging a positive BPC culture and healthy and safe workplace and creating actions to embed and articulate values and desired behaviours;
- Making decisions relating to the management and operations of the BPC within the boundaries of their authority;
- Developing effective financial management processes and annual budget;
- Managing relationships and engaging with external government bodies and other key stakeholders;
- Ensuring accountability and compliance with all legislative and other obligations, including Government directions and guidelines;
- Establishing guidance, systems and processes to embed integrity;
- Developing policy and ensuring it is fit-for-purpose, implemented and reviewed; and
- Overseeing ELT committees and providing a point for escalation.

Disclosures



Local Jobs First

No BPC 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 BPC 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 2025-26, there were 35 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2025-26 in relation to these consultancies was $3,573,209 (excluding GST). Information about individual consultancies is published on the BPC website.

Details of consultancies valued at less than $10,000

In 2025-26, there were five consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies was $24,998 (excl. GST).

Disclosure of sponsorships

The BPC's sponsorships relate to building and plumbing industry and consumer events or programs. In 2025-26, there were five sponsorships valued at $46,409.

Disclosure of major contracts

The BPC adheres to the Victorian government's policy of disclosing contracts worth $10 million or more, in accordance with the *Financial Management Act 1994*. In 2025-26, the BPC had no contracts worth $10 million or more.

Disclosure of social procurement activities under the Social Procurement Framework

The Social Procurement Framework governs how the Victorian Government undertakes social procurement. The framework applies to the procurement of all goods, services and construction undertaken by, or on behalf of, entities subject to the Standing Directions 2018 under the *Financial Management Act 1994*.

The BPC 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 BPC Social Procurement Objectives are:

- opportunities for Victorian Aboriginal people
- opportunities for Victorians with disability
- opportunities for Victorian priority jobseekers
- sustainable Victorian regions
- sustainable Victorian social enterprises and Aboriginal business sectors.

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.

The majority of individual procurement activities undertaken in 2025-26 fell below the threshold band of Victoria's Social Procurement Framework where social procurement approaches are encouraged but not mandatory. The exception was in June 2026 when the Audit and Inspection Services Request for Quote was issued. As part of this procurement, social value formed 10 per cent of the weighted evaluation criteria.

Disclosure of emergency procurement

There were no emergency procurement activities required in 2025-26.

Disclosure of procurement complaints

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

The BPC received no formal complaints through its procurement complaints management system in 2025-26.

Greener procurement

The BPC's main areas of procurement are contractors and goods and services. Examples of how the BPC 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.

Information and communication technology expenditure

In 2025-26, the BPC's Information and Communication Technology (ICT) expenditure totalled $22.2 million, compared to $18.6 million last year. ICT expenditure refers to the BPC'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 BPC's current ICT capabilities.

Table 10. Details of information and communication technology expenditure

($ million)

All operational ICT expenditure	ICT expenditure related to projects to create or enhance ICT capabilities		
Business as Usual (BAU) ICT expenditure	**NonBusiness as Usual (nonBAU) ICT expenditure**	**Operational expenditure**	**Capital expenditure**
(Total)	(Total = Operational expenditure and capital expenditure)		
16.7	5.5	5.1	0.4

Office-based environmental impacts

The following tables outline the BPC's energy consumption, landfill waste, paper use, travel and greenhouse gas emissions during 2025-26.

Energy use

The BPC is party to a mixed-tenancy arrangement at its 242 Exhibition Street, Melbourne offices. There is no data available for individual tenancies related to electricity usage, as the cost is incorporated into the BPC's lease agreement.

Table 11. Energy use

	Indicator	2025-26	2024-25
E1	Total energy usage segment by primary source (MJ)		
	Electricity (MJ) — excluding green power, which is not yet available	N/A	635,965
	Natural gas (MJ)	0	0
	Green power (MJ)	0	0
	LPG (MJ)	0	0
E2	Total greenhouse gas emission from energy consumption (tonnes CO2-e)		
	Electricity (tonnes CO2-e) — excluding green power	N/A	207
	Natural gas (tonnes CO2-e)	0	0
	Green power (tonnes CO2-e)	0	0
	LPG (tonnes CO2-e)	0	0
E3	Percentage of electricity bought as green power	0	0

Waste and recycling

The establishment of the BPC and integration of new business units has contributed to year-on-year variation in waste and recycling measures.

Table 12. Waste and recycling

	Indicator	2025-26	2024-25
Ws1.	Total units of waste disposed of by destination (kg/year)		
	Landfill (kg)	3,690	2,041
	Comingled recycling (kg)	320	239
	Paper and card (kg)	557	1,006
	Secure documents (kg)	1,840	6,900
	Organics	310	388
Ws2	Total units of waste disposed of per FTE by destination (kg/FTE)		
	Landfill (kg/FTE)	5	4
	Comingled recycling (kg/FTE)	0	0
	Paper and card (kg/FTE)	1	2
	Secure documents (kg/FTE)	2	4.5
	Organics (kg/FTE)	0	1
Ws3.	Recycling rate (%)	8	10
Ws4.	Greenhouse gas emissions associated with waste (tonnes CO2-e)	7.02	6.39

Paper use

The integration of new business units and therefore more FTE has contributed to year-on-year variation in paper use. Staff are regularly encouraged to use digital options when practicable.

Table 13. Paper use

	Indicator	2025-26	2024-25
P1.	Total units of A4 equivalent copy paper used (reams)	1,208	918
P2.	Units of A4 equivalent copy paper used per FTE (reams/FTE)	1.65	1.62
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 individual tenancies at 242 Exhibition Street, Melbourne, as there are no separate water meters for each tenancy.

Travel and transport

The BPC fleet consisted of 99 vehicles. 98 vehicles are hybrid and 1 vehicle is an electric vehicle.[7]

Table 14. Travel and transport

	Indicator	2025-26	2024-25
T1.	Total energy consumption by fleet vehicles (MJ)		
	Unleaded	46,575	283,251
	Hybrid	3,171,330	3,050,509
T2.	Total distance travelled by fleet vehicles (km)		
	Unleaded	901	40,879
	Hybrid	1,242,937	1,125,860
T3.a	Total greenhouse gas emissions from fleet vehicles (tonnes CO2-e)		
	Unleaded	0	18
	Hybrid	353	320
T3.b	Greenhouse gas emissions from fleet vehicles per 1000km (tonnes CO2-e)		
	Unleaded	0	0.02
	Hybrid	0.35	0.32
T4.	Total distance travelled by air (km)	29,570	13,206

7 *For reporting purposes, the electric vehicle is grouped with hybrid vehicles.*

Greenhouse gas emissions

Table 15. Greenhouse gas emissions

	Indicator	2025-26	2024-25
G1.	Total greenhouse gas emissions associated with energy use (tonnes CO2-e) [Note: This includes office-based data only]	N/A[8]	207
G2.	Total greenhouse gas emissions associated with vehicle fleet (tonnes CO2-e)	353	308
G3.	Total greenhouse gas emissions associated with air travel (tonnes CO2-e)	9	4
G4.	Total greenhouse gas emissions associated with waste disposal (tonnes CO2-e) [Note: This includes office-based data only]	7.02	6.39
G5.	Total greenhouse gas emissions offset purchased (tonnes CO2-e)	0	0

8 This information is not available due to the mixed-tenancy agreement that exists at 242 Exhibition Street, Melbourne.

Internal Review

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

The review process is an important safeguard under the *Building Act 1993*. Internal review is intended to be quick and cost-effective for the affected person. It also helps the BPC to promptly identify areas for improvement in its decision-making processes.

Internal review is available under the *Building Act 1993* 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 BPC 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*.

Table 16. Internal Review

	2025-26	2024-25
Internal Reviews received for registration decisions	230	156
As a proportion of registrations refused	34%	27%
Completed within 28 days		
Affirmed[9]	130	105
Amended[10]	0	0
Substituted[11]	50	41
Total registration reviews completed	180	146
Internal Reviews received for disciplinary decisions	26	18
As a proportion of show cause decisions	37%	23%
Completed within 28 days:		
Affirmed	6	9
Amended	5	8
Substituted	11	3
Total disciplinary reviews completed	22	20
Internal Reviews completed for infringement notices	10	11
Total Internal Reviews completed	**212**	**177**

9 *Affirmed is when a BPC decision remains unchanged.*

10 *Amended is when some changes are made to the original BPC decision.*

11 *Substituted means when the BPC's original decision is replaced with a different decision.*

Freedom of Information

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

Under the *Freedom of Information Act 1982 (Vic)* (FOI Act), the BPC receives and processes applications to access BPC documents in accordance with the Act. The Act allows the public a right of access to documents held by the BPC, and for the BPC 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 BPC 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 BPC must first identify another legal basis for the disclosure of that information. The *Building Act 1993* contains limited provisions expressly enabling the BPC to do this.

Proactive release

The BPC's proactive release policy enables requests for some documents held by the BPC 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 BPC
- domestic builder's insurance information
- plumbing audit and inspection reports
- building practitioner or plumber business contact details.

In 2025-26, the BPC updated its proactive release policy in line with Office of the Victorian Information Commissioner's (OVIC) guidance.

Making a request

FOI requests can be lodged by completing the application form available from the BPC website: **www.bpc.vic.gov.au/legals/freedom-of-information**

An application fee of $33.60 applies. Additional access charges may apply for particularly labour-intensive, time consuming or voluminous searches. The BPC can also waive fees and charges in certain circumstances, such as demonstrated financial hardship.

Review a request

Applicants can request a review of a BPC decision by contacting OVIC within 28 days of receiving a decision letter.

VCAT appeals

In 2025-26, seven VCAT reviews were lodged relating to BPC FOI decisions. This was an increase from the five VCAT reviews lodged in 2024-25. Eight matters were finalised and a further eight are ongoing.

FOI statistics and timeliness

In 2025-26, the BPC received 259 valid FOI requests and one request that was transferred to another agency.

Together with 17 requests that were not yet finalised at the end of 2024-25, there were 277 FOI outcomes for 2025-26. Of these, 221 decisions were made, 35 requests were withdrawn or not proceeded with by the applicant, one request was transferred to another agency and 20 requests were carried over to be finalised in 2026-27.

Of the 221 decisions made, 99.5 per cent were finalised within the statutory timeframe, similar to last year, where 99.7 per cent were finalised within the statutory timeframe.

Compared to 2024-25, a greater proportion of requests received did not ever become valid under the Act, with 119 such requests compared to 48 in 2024-25.

The total number of FOI applications received in 2025-26, including valid, invalid and transferred requests was 396. This was a three per cent decrease compared to 2024-25, when 408 requests were received.

Table 17. FOI valid application outcomes

	2025-26	2024-25
Released in full	24	21
Released in part	68	65
Denied in full	52	22
Released outside the FOI Act	58	166
No documents could be found	15	6
Transferred to another agency	1	0
Act does not apply	4	6
Withdrawn	23	22
Not proceeded with	12	14
Not processed	0	0
Not yet finalised	20	17
Total	**277**	**339**

Compliance with the *Building Act 1993*

The BPC owns regional offices in Ballarat, Bendigo, Morwell and Wangaratta. The BPC 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 BPC to satisfactorily undertake building maintenance and manage risks.

The BPC conducted no major projects or works valued at greater than $50,000 on BPC-owned buildings in 2025-26.

Compliance with the Building Regulations 2018

The Building Regulations 2018 came into effect on 2 June 2018. The Building Regulations are subordinate legislation of the *Building Act 1993* and contain, among other things, requirements relating to building permits, building inspections, occupancy permits, enforcement and maintenance of buildings.

The Regulations adopt the Building Code of Australia (BCA), which is part of the National Construction Code (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 BPC is a key stakeholder in the review process and implementation of the Regulations.

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

Compliance with the *Carers Recognition Act 2012*

The BPC recognises the role that many of our staff have as carers and supports them to balance their work and care responsibilities. We support staff who 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 BPC 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 BPC's actions aim to reduce the barriers to workforce participation for carers and to ensure carers can make choices about work and their caring roles, are enabled to participate socially and economically, and are supported with their health and wellbeing.

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 *Building Act 1993* 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 BPC 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 BPC 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 BPC's compliance with competitive neutrality is governed by the competition principles agreement and competition and infrastructure reform agreement.



Compliance with the *Public Interest Disclosures Act 2012*

The *Public Interest Disclosures Act 2012* (the Act) 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.

Examples of conduct which may be disclosed include: taking or offering bribes, misusing work information or material, dishonestly using influence, taking detrimental action against a person because they have made a disclosure and conspiring or attempting to do any of the above.

The BPC does not tolerate improper conduct by employees or reprisals against those who disclose such conduct. We are committed to ensuring transparency and accountability in our administrative and management practices, and we support disclosures that reveal corrupt conduct, conduct involving a substantial mismanagement of public resources, and conduct involving a substantial risk to public health and safety or the environment.

The BPC 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 that it is legally possible.

Making a disclosure

You can make a public interest disclosure of improper conduct or detrimental action by contacting:

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

or:

Victorian Ombudsman
www.ombudsman.vic.gov.au
Telephone: 1800 806 314

The Act does not empower the BPC to receive public interest disclosures. While the BPC can receive and act on information about improper conduct, those reports do not attract the legal protections that apply to a public interest disclosure.

Other reporting avenues

You can report your concerns to the BPC however these will not receive the legal protections available under the Act.

BPC Integrity Unit
Email: integrity@bpc.vic.gov.au

Safe2Speak
Telephone: 1300 30 45 50
Email: safe2speakbpc.stoplinereport.com

Depending on the nature of the report, the BPC may be required by law to notify IBAC of the allegations.

Compliance with the *Disability Act 2006*

The BPC'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 remains a high priority.

Reporting procedures

The BPC 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 BPC services is readily available through accessible information on the BPC website. People with hearing impairments can access the BPC customer service centre through teletype (TTY) facilities. The BPC also makes reasonable adjustments for building practitioners undertaking assessments.

An accessible work environment

The BPC 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, and the availability of ergonomic equipment and accessible facilities form part of these provisions.

Providing accessible information

The BPC website was the primary portal for conveying information to practitioners, consumers and members of the public. Through it, the BPC provided clear and accessible information.

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

The website features information on how callers may contact the BPC using the National Relay Services and teletypewriter (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 BPC's operations. The BPC ensures that access meets practitioners' needs, including during exam processes.

Financial statements



Declaration in the Financial Statements

The attached financial statements for the Victorian Building Authority trading as Building and Plumbing Commission, have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance 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 2026 and the financial position of the Victorian Building Authority trading as Building and Plumbing Commission at 30 June 2026.

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 18 September 2026.



Anna Cronin
Commissioner and Chief Executive Officer
Victorian Building Authority trading as Building and Plumbing Commission
Melbourne



Katrina Excell
Chief Finance Officer
Victorian Building Authority trading as Building and Plumbing Commission
Melbourne

Independent Auditor's Report

Victorian Auditor-General's Office

To the Commissioner of the Victorian Building Authority (trading as the Building and Plumbing Commission)

Opinion	I have audited the financial report of the Victorian Building Authority (trading as the Building and Plumbing Commission) (the authority) which comprises the: • balance sheet as at 30 June 2026 • 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 2026 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 Australian Accounting Standards – Simplified Disclosures.
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 (including Independence Standards)* (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.
Commissioner's 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 – Simplified Disclosures 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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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.



MELBOURNE
21 September 2026

Paul Martin
as delegate for the Auditor-General of Victoria

COMPREHENSIVE OPERATING STATEMENT [a]

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

($'000)

	Notes	2026	2025
Continuing Operations			
Revenue and Income from transactions			
Levies, fees and fines revenue	2.2.2	113,311	103,044
Insurance net premium revenue	2.2.3	139,662	-
Grant income	2.2.4	60,453	26,094
Interest income	2.2.1	36,448	3,074
Other income	2.2.5	185	190
Total revenue and income from transactions		**350,059**	**132,402**
Expenses from transactions			
Employee expenses	3.1.1	121,266	92,117
Board and committee costs		766	760
Insurance net claims incurred	3.2	156,045	-
Insurance net commission incurred	3.3	3,944	-
Grant expenses	3.4	1,189	1,138
Other operating expenses	3.5	31,118	19,738
Depreciation and amortisation	4.1.3 & 4.2	5,377	5,023
Interest expense	6.1	749	466
Total expenses from transactions		**320,454**	**119,242**
Net result from transactions (net operating balance)		**29,605**	**13,160**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets [b]	8.2	106	238
Total other economic flows included in net result		**106**	**238**
Net result from continuing operations		**29,711**	**13,398**
Net result		**29,711**	**13,398**
Other economic flows – other comprehensive income:			
Items that will not be classified to net result			
Changes in physical asset revaluation surplus		157	-
Total other economic flows – other comprehensive income	4.1.3	**157**	**-**
Comprehensive result		**29,868**	**13,398**

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.

BALANCE SHEET [a]

AS AT 30 JUNE 2026

($'000)

	Notes	2026	2025
Assets			
Financial assets			
Cash and deposits	6.3	1,013,446	76,710
Receivables	5.1.1	472	1,348
Total financial assets		**1,013,918**	**78,058**
Non-financial assets			
Property, plant and equipment	4.1	18,171	15,356
Intangible assets	4.2	6,181	8,201
Deferred acquisition costs	5.1.2	28,772	-
Other non-financial assets	5.3	2,278	1,886
Total non-financial assets		**55,402**	**25,443**
Total assets		**1,069,320**	**103,501**
Liabilities			
Payables	5.2.1	35,593	15,134
Contract liabilities	5.2.3	14,189	13,329
Borrowings	6.1	16,092	12,086
Unearned premium	5.2.2.1	395,407	-
Gross claims liabilities	5.2.2.3	397,614	-
Employee-related provisions	3.1.2	20,692	15,599
Security deposits	8.11	2,750	2,676
Total liabilities		**882,337**	**58,824**
Net assets		**186,983**	**44,677**
Equity			
Accumulated surplus		71,461	41,750
Contributed capital [b]		114,620	2,182
Physical asset revaluation surplus		902	745
Net worth		**186,983**	**44,677**

The accompanying notes form part of these financial statements.

Note:

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

(b) Includes net capital contributions resulting from assets and liabilities transferred as part of a machinery of government change, refer to Note 8.1 for further details.

STATEMENT OF CHANGES IN EQUITY [a]

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

($'000)

	Physical asset revaluation surplus	Accumulated surplus	Contributed Capital	Total
Balance at 1 July 2024	**745**	**28,352**	**2,182**	**31,279**
Net result for the year	-	13,398	-	**13,398**
Balance at 30 June 2025	**745**	**41,750**	**2,182**	**44,677**
Balance at 1 July 2025	**745**	**41,750**	**2,182**	**44,677**
Net result for the year	-	29,711	-	29,711
Restructure of administrative arrangements – net assets received [b]	-	-	112,438	112,438
Other comprehensive income for the year	157	-	-	157
Balance at 30 June 2026	**902**	**71,461**	**114,620**	**186,983**

The accompanying notes form part of these financial statements.

Note:

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

(b) Relates to net capital contributions resulting from assets and liabilities transferred as part of a machinery of government change, refer to Note 8.1 for further details.

CASH FLOW STATEMENT [a]

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

($'000)

	Notes	2026	2025
Cash flows from operating activities			
Receipts			
Receipts from customers		121,806	103,871
Insurance premiums received		271,242	-
Interest received		36,448	3,074
Receipts of security deposits		632	518
Goods and services recovered from the ATO [b]		-	3,018
Grants received from State Government		60,453	26,094
Total receipts		**490,581**	**136,575**
Payments			
Payments of grants		(1,189)	(1,138)
Payment of interest [c]		(361)	(132)
Payment of Insurance claims		(143,130)	-
Payment of Insurance commissions		(15,979)	-
Goods and services tax paid to the ATO [b]		(10,158)	-
Stamp Duty Paid		(18,002)	-
Refunds of security deposits		(558)	(791)
Payments to suppliers and employees		(149,942)	(110,313)
Total payments		**(339,319)**	**(112,374)**
Net cash flows from/(used in) operating activities		**151,262**	**24,201**
Cash flows from investing activities			
Purchases of non-financial assets		(1,901)	(5,114)
Sale of non-financial assets		115	211
Net cash flows from/(used in) investing activities		**(1,786)**	**(4,903)**

CASH FLOW STATEMENT (Continued) [a]

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2026

($'000)

	Notes	2026	2025
Cash flows from financing activities			
Repayment of leases [c]		(472)	(1,376)
Cash received from activities transferred in – machinery of government changes [d]		787,732	-
Net cash flows from/(used in) financing activities		**787,260**	**(1,376)**
Net increase/(decrease) in cash and cash equivalents		**936,736**	**17,922**
Cash and cash equivalents at the beginning of financial year		**76,710**	**58,788**
Cash and cash equivalents at the end of financial year	6.3	**1,013,446**	**76,710**

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) Goods and Services Tax (GST) received from the Australian Taxation Office is presented on a net basis.
(c) Includes cash payments for the principal portion of lease payments as financing activities; cash payments for the interest portion as operating activities consistent with the presentation of interest payments.
(d) Includes cash transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

Notes to the Financial statements

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Note 1. About this report

The Victorian Parliament passed the Building Legislation Amendment (Buyer Protections) Bill 2025, gazetted on 24 June 2025. Under this reform, the Building and Plumbing Commission was established effective 1 July 2025, as Victoria's new regulator for the building and plumbing sectors. While the legal entity is the Victorian Building Authority (VBA), it trades as the Building and Plumbing Commission, consolidating the functions of the VBA, Domestic Building Dispute Resolution Victoria (DBDRV), and the domestic building insurance responsibilities transferred from the Victorian Managed Insurance Authority (VMIA).

These annual financial statements represent the audited general purpose financial statements for the Victorian Building Authority trading as Building and Plumbing Commission (collectively referred to as "BPC" hereon) as an individual reporting entity and includes the Building Appeals Board (BAB), for the financial year ended 30 June 2026.

Principal Address is:
Victorian Building Authority trading as Building and Plumbing Commission
Level 19, 242 Exhibition Street
Melbourne VIC 3000

A description of the nature of the BPC's operations and its principal activities is included in the Report of Operations, which does not form part of these financial statements.

Basis of preparation

These financial statements are Tier 2 general purpose financial statements prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the notes to the financial statements.

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* (AASB 1004), 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 BPC.

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 Australian Accounting Standards that have significant effects on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

These financial statements cover the BPC as an individual reporting entity and include all the controlled activities of the BPC. There is no entity consolidated into the BPC.

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

Compliance information

These general-purpose financial statements have been prepared in accordance with the *Financial Management Act 1994 (FMA)* and applicable Australian Accounting Standards (AASs), which include Interpretations issued by the Australian Accounting Standards Board (AASB).

Where appropriate, those AASs 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.

Note 2. Funding delivery of our services

As Victoria's principal regulator for the building and plumbing sectors, the BPC regulates for a quality-built environment in Victoria. The BPC contributes to public health, safety and amenity by overseeing compliance with regulations, legal requirements, professional standards and encouraging continuous improvement. The BPC does so in the interests of consumers and industry participants for the benefit of all Victorians. In addition to BPC's regulatory function, BPC is also responsible for the dispute resolution, and domestic building insurance functions in Victoria, aiming to enhance regulatory oversight across the consumer journey and strengthen protections within the building system.

This section of the financial statements identifies the funding sources that enable the BPC to achieve these objectives.

Structure

2.1 Summary of revenue and income that funds the delivery of our services
2.2 Income from transactions

2.1 SUMMARY OF REVENUE AND INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

($'000)

	Notes	2026	2025
Levies, fees and fines revenue	2.2.2	113,311	103,044
Insurance net premium revenue	2.2.3	139,662	-
Grant income	2.2.4	60,453	26,094
Interest income	2.2.1	36,448	3,074
Other income	2.2.5	185	190
Total revenue and income from transactions		**350,059**	**132,402**

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.

2.2 INCOME FROM TRANSACTIONS

2.2.1 Interest income

Interest income includes interest received on cash and deposits. Refer to 7.1.1 for information on interest income.

2.2.2 Levies, fees and fines revenue

($'000)

	2026	2025
Building-permit levy – general levy [a]	38,747	33,086
Building-permit levy – DBDRV levy [b]	19,366	16,545
Building-practitioner registration fees [c]	13,482	12,712
Building-corporate registration fees [d]	7,446	7,274
Building-prosecutions and inquiry fines [e]	917	1,548
Building-owner builder certification fees [f]	2,204	1,788
Building-modifications and appeals (BAB services) fees [g]	373	353
Registration Scheme (PERS) endorsement fees [h]	808	727
Plumbing-compliance certificates fees [i]	22,088	21,470
Plumbing-registration and licence fees [j]	7,336	7,004
Plumbing-examination fees [k]	472	439
Plumbing-prosecutions and inquiry fines [l]	72	98
Total building levies, fees and fines revenue	**113,311**	**103,044**

Notes:

(a) ***Building-permit levy - general levy***

The general building permit levy is calculated based on 0.064 cents (2025: 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 - Domestic Building Dispute Resolution Victoria (DBDRV) levy***

The DBDRV building permit levy is calculated based on 0.064 cents (2025: 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 BPC'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 years are recognised at year-end as contract liabilities (i.e., over time). A component of the registration fee that relates to administrative activities is recognised as revenue at the point in time when the registration process has been completed, reflecting the satisfaction of the associated performance obligation. From 1 May 2022 following a Ministerial Agreement, the CAV is legally entitled to a fixed amount of the Domestic 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). A component of the registration fee that relates to administrative activities is recognised as revenue at the point in time when the registration process has been completed, reflecting the satisfaction of the associated performance obligation. From 1 May 2022 following a Ministerial Agreement, the CAV is legally entitled to a fixed amount of the Domestic building-corporate registration fees revenue.

(e) ***Building-prosecutions and inquiry fines***

Prosecutions and inquiry fines represent prosecution fines and costs payable to the BPC as a result of legal action taken by the BPC 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 (BAB services) fees***

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***

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 is led by the Building Licensing Authority (BLA) and supported by the CAV and the BPC.

(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 BPC as a result of legal action taken by the BPC 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 *Revenue from contractors with customers* (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.

The BPC recognises as revenue the amount of the transaction price that is allocated to a performance obligation in the contract with the customer when or as that performance obligation is satisfied by transferring a promised good or service to a customer.

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 BPC has determined to be classified as revenue from contracts with customers in accordance with AASB 15, specifically, BPC treat levies as licences not taxes and has applied the exemption under AASB 15 paragraph Aus 8.1 and Aus 8.3 to recognise the revenue at the point in time the licence is issued. The BPC's levies, fees and fines revenue are recognised as and when the enforceable rights and obligations between the BPC 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 BPC 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 to Note 5.2.3.

2.2.3 Insurance net premium revenue

($'000)

	2026	2025
Gross premiums received	229,729	-
Movement in unearned premiums	(90,067)	-
Total insurance net premium revenue [a]	**139,662**	**-**

Note:

(a) Relates to insurance net premium earned subsequent to a machinery of government change, refer to Note 8.1 for further details.

Insurance premium revenue recognised under AASB 1023

Insurance premium revenue is the amounts charged to policyholders for insurance contracts in accordance with AASB 1023 *General Insurance Contracts* (AASB 1023) and is recognised as income earned in accordance with the pattern of risk associated with the insured risk from the attachment date over the insured period. The unearned portion of insurance premium is recognised as an unearned premium liability in the balance sheet, refer to Note 5.2.2.1.

The BPC recognises unclosed business when an insurance contract is in force or the BPC has otherwise assumed the associated insurance risk, even if administrative processing remains incomplete. Where a binding contract exists at the reporting date, but insurance premium has not yet been billed or recorded, the BPC recognises a premium receivable together with the corresponding unearned premium liability and any related insurance liabilities, refer to Note 5.2.2.1.

At the reporting date the unearned premium liability is assessed by the independent actuary to determine if it is sufficient to cover all expected future claims payments. This assessment is referred to as the liability adequacy test (LAT). If the present value of future claims payments including an allowance for claims handling and policy administration expenses, plus an additional risk margin to reflect the inherent uncertainty in the central estimates exceeds the unearned premium liability and deferred acquisition costs (DAC), then the unearned premium liability is deemed as deficient. The deficiency is recognised as an unexpired risks liability (after the write down of any DAC). The BPC's independent actuary performs a LAT at reporting date (bi-annually).

2.2.4 Grant income

($'000)

	2026	2025
Grants recognised as income of not-for-profit entities		
Specific purpose grants	60,453	26,094
Total grant income	**60,453**	**26,094**

Significant judgement – Grants revenue

BPC has made the judgement that amounts received in relation to government funding for specific purpose grants should be recognised under AASB 1058, on the basis that, while the funding was provided for specified purposes, a judgemental assessment was required to determine whether the arrangements were enforceable and gave rise to sufficiently specific performance obligations, and it was concluded that they did not meet the criteria for recognition under AASB 15.

Grants recognised under AASB 1058

BPC has determined that the grant income included in the table above under AASB 1058 *Income of Not-for-Profit Entities* (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 BPC has an unconditional right to receive cash which usually coincides with receipt of cash. On initial recognition of the asset, the BPC 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 *Leases* (AASB 16)*;*
- a financial instrument, in accordance with AASB 9 *Financial Instruments* (AASB 9*)*; and
- a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets* (AASB 137).

2.2.5 Other income

($'000)

	2026	2025
Fines and regulatory fees	168	175
Other miscellaneous income	17	15
Total other income	**185**	**190**

Fines and regulatory fees are recognised as income upon receipt (i.e. at point in time).

Note 3. The cost of delivering services

This section provides an account of the expenses incurred by the BPC 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 disclosed.

Structure

3.1 Expenses incurred in delivery of services
3.2 Insurance net claims incurred
3.3 Insurance net commission incurred
3.4 Grant expenses
3.5 Other operating expenses

3.1 EXPENSES INCURRED IN DELIVERY OF SERVICES

($'000)

	Notes	2026	2025
Employee benefit expenses	3.1.1	121,266	92,117
Insurance net claims incurred	3.2	156,045	-
Insurance net commission incurred	3.3	3,944	-
Grant expenses	3.4	1,189	1,138
Other operating expenses	3.5	31,118	19,738
Total expenses incurred in delivery of services		**313,562**	**112,993**

3.1.1 Employee benefit expenses

($'000)

	2026	2025
Salaries and wages, annual leave and long service leave	97,581	75,556
Defined benefit and contribution superannuation expense	10,297	7,507
Staff-related expenses	1,623	1,026
Fringe benefits tax	83	67
Termination benefits	615	462
External staff (includes contractors)	11,067	7,499
Total employee benefit expenses [(a)]	**121,266**	**92,117**

Note:
(a) For the year ending 30 June 2026, the amounts are inclusive of employee expenses relating to the functions transferred as part of the machinery of government change (refer to Note 8.1 and 8.4 respectively).

Employee benefit expenses include all costs related to employment including wages and salaries, fringe benefit tax, leave entitlements, termination payments, payroll tax and WorkCover premiums. The amount recognised in the comprehensive operating statement in relation to superannuation is employer contributions for members of both defined benefit and defined contribution superannuation plans that are paid or payable during the reporting period.

The defined benefit plan(s) provides benefits based on years of service and final average salary. The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans. The BPC does not recognise any defined benefit liabilities because it has no legal or constructive obligation to pay future benefits relating to its employees. Instead, BPC accounts for contributions to these plans as if they were defined contribution plans under AASB 119 *Employee Benefits* (AASB 119). 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).

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts an offer of benefits in exchange for the termination of employment. Termination benefits are recognised when BPC is demonstrably committed to terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

3.1.2 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)

	2026	2025
Current provisions		
Annual leave [(a)]	6,757	4,903
Long service leave [(a)]	7,903	5,722
Provision for on-costs	3,015	2,025
Total current provisions for employee benefits	**17,675**	**12,650**
Non-current provisions		
Long service leave [(a)]	2,493	2,469
Provision for on-costs	524	480
Total non-current provisions for employee benefits	**3,017**	**2,949**
Total provisions for employee benefits	**20,692**	**15,599**

Note:

(a) Includes provisions for employee benefits transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

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 BPC does not have an unconditional right to defer settlement of these liabilities.

The liabilities for salaries and wages are recognised in the balance sheet at remuneration rates which are current at the reporting date. As the BPC 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 BPC 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 comprehensive operating statement as it is taken.

Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred. The on-costs provision is immaterial in 2026.

Unconditional long service leave is disclosed as a current liability; even where the BPC 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 BPC expects to wholly settle within 12 months; or
- present value – if the BPC 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 the 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.

3.2 INSURANCE NET CLAIMS INCURRED

($'000)

	2026			2025		
	Current year	Prior years	Total	Current year	Prior years	Total
Gross claims incurred						
Undiscounted	108,406	63,211	171,617	-	-	-
Discounting movement	(9,890)	(5,377)	(15,267)	-	-	-
Total gross claims incurred	**98,516**	**57,834**	**156,350**	**-**	**-**	**-**
Reinsurance and other recoveries						
Undiscounted	-	(305)	(305)	-	-	-
Total reinsurance and other recoveries	**-**	**(305)**	**(305)**	**-**	**-**	**-**
Total insurance net claims incurred [(a)]	**98,516**	**57,529**	**156,045**	**-**	**-**	**-**

Note:

(a) Relates to insurance net claims incurred subsequent to a machinery of government change, refer to Note 8.1 for further details.

Insurance claims incurred are recognised in accordance with AASB 1023 when events giving rise to a liability occur and comprises of:

- claims paid;
- the movement in the best estimate of the gross outstanding claims liability (measured on a basis that reflects an unbiased expected value of the future cash flows necessary to settle these liabilities);
- claims handling expenses relating to claims incurred in the period; and
- the risk margin.

The above insurance claims incurred are discounted to the present value of the future cash flows, therefore resulting in the discounted claims incurred.

Current year claims relate to the cost of insured events occurring in the current financial year. Prior year claims relate to a reassessment of assumptions applied to claims from all the previous financial years, including changes in economic assumptions and claims experience, and include the impact of discounting as claims move one year closer to settlement.

3.3 INSURANCE NET COMMISSION INCURRED

($'000)

	2026	2025
Gross commissions	15,979	-
Movement in deferred acquisition costs	(12,035)	-
Total insurance net commission incurred [(a)]	**3,944**	**-**

Note:

(a) Relates to insurance net commission incurred subsequent to a machinery of government change, refer to Note 8.1 for further details.

In accordance with AASB 1023, the BPC defers commission costs that are incurred in obtaining and recording general insurance contracts by recognising them as an asset in the balance sheet when they can be reliably measured. Deferred acquisition costs are amortised over the life (8 years) of the related insurance policies in accordance with the expected pattern of risk incidence, consistent with the earning pattern of insurance premium revenue. Amortisation methods and assumptions are reviewed regularly, and any changes are documented and disclosed.

3.4 GRANT EXPENSES

($'000)

	2026	2025
Specific purpose grant expenses	1,189	1,138
Total grant expenses	**1,189**	**1,138**

Grant expenses are contributions of the BPC'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.

3.5 OTHER OPERATING EXPENSES

($'000)

	2026	2025
Accommodation and utilities	1,996	800
Payment to Department of Transport and Planning to support the building policy function	1,755	1,721
Legal fees	4,231	2,226
IT services and records management expenses	9,155	5,884
Consultants	3,913	1,790
General office expenses	4,192	1,941
Printing and stationery	459	354
Motor vehicles and travel expenses	589	507
Insurance premiums	3,385	2,973
Regulatory events, seminars and meetings	267	154
Audit fees	542	209
Minor assets	220	407
Bad debts written off	36	43
Impairment loss on receivables	378	729
Total other operating expenses [(a)]	**31,118**	**19,738**

Note:

(a) For the year ending 30 June 2026, the total other operating expenses amount is inclusive of insurance administration expenses incurred subsequent to a machinery of government change. Refer to Note 8.1 and 8.4 for further details.

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**.**

Supplies and services are recognised as an expense in the reporting period in which they are incurred.

Impairment of receivables: Provision for impairment of receivables is recognised when there is objective evidence that the BPC will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 90 days overdue and changes in debtor credit ratings.

Note 4. Key assets available to support service delivery

The BPC controls infrastructure assets that are utilised in fulfilling its objectives and conducting its activities. They represent the resources that have been entrusted to the BPC to be utilised for delivery of those services.

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, equipment and motor vehicles
4.2 Intangible assets

4.1 PROPERTY, PLANT, EQUIPMENT AND MOTOR VEHICLES

($'000)

	Gross carrying amount		Accumulated depreciation		Net carrying amount	
	2026	2025	2026	2025	2026	2025
Land at fair value	1,320	1,075	-	-	1,320	1,075
Buildings at fair value	640	840	-	(84)	640	756
Plant, equipment and motor vehicles at fair value	7,520	5,012	(2,619)	(1,761)	4,901	3,251
Right-of-use assets: buildings, plant, equipment and motor vehicles [(a)]	13,963	10,609	(2,761)	(1,749)	11,202	8,860
Assets under construction at cost	108	1,414	-	-	108	1,414
Total	**23,551**	**18,950**	**(5,380)**	**(3,594)**	**18,171**	**15,356**

Note:

(a) As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.6.

Items of property, plant, equipment and motor vehicles 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 a machinery of government change are transferred at their carrying amount. The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

The following tables are right-of-use assets included in the property, plant, equipment and motor vehicles presented by subsets of buildings and plant, equipment and motor vehicles.

4.1.1 Total right-of-use assets: Buildings and Plant, equipment and motor vehicles

($'000)

	Gross carrying amount 2026	Accumulated depreciation 2026	Net carrying amount 2026	Gross carrying amount 2025	Accumulated depreciation 2025	Net carrying amount 2025
Buildings [a]	9,940	(2,131)	7,809	7,602	(870)	6,732
Plant, equipment and motor vehicles [a]	4,023	(630)	3,393	3,007	(879)	2,128
Net carrying amount	**13,963**	**(2,761)**	**11,202**	**10,609**	**(1,749)**	**8,860**

($'000)

	Buildings	Plant, equipment and motor vehicles	Total
Opening balance – 1 July 2025 [a]	**6,732**	**2,128**	**8,860**
Additions	2,338	2,748	5,086
Disposals	-	(1,072)	(1,072)
Depreciation	(1,261)	(508)	(1,769)
Machinery of government transfer in [b]	-	97	97
Closing balance – 30 June 2026	**7,809**	**3,393**	**11,202**

Notes:

(a) As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value. For further information, refer to Note 8.6.

(b) Includes property, plant and equipment – leased assets transferred as part of a machinery of government change, refer to Note 8.1 for further details.

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

The BPC 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 less any lease incentive received;
- 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.

Right-of-use asset - Subsequent measurement

Right-of-use assets are subsequently measured at cost less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability. The BPC 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. Impairment of right-of-use assets is determined and accounted for in accordance with AASB 136 *Impairment of Assets* (AASB 136).

Impairment of right-of-use assets

The BPC has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Impairment of Buildings and Plant, equipment and motor vehicles

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 the fair value determined under AASB 13 *Fair Value Measurement* (AASB 13), with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

4.1.2 Depreciation and amortisation

All buildings and plant, equipment and motor vehicles, and other non-financial physical assets that have finite useful lives, are depreciated. The exceptions to this rule include items under assets held for sale, cultural assets and land.

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. Typical estimated useful lives for the different asset classes for current and prior years are included in the table below:

Asset	Useful Life
Buildings (including leased assets)	
-Building owned	40 years
-Leasehold Buildings	5 - 7 years
Plant, equipment and motor vehicles (including leased assets)	
-Motor vehicles owned	3 - 5 years
-Motor vehicles leased	3 years
-Plant and equipment	3 - 10 years
Software and intangibles	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 generally depreciated over the shorter of the assets' useful life and the lease term. Where the BPC 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.

Leasehold improvements are depreciated over the shorter of the lease term and their useful lives.

Indefinite life assets: Land, which 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.

4.1.3 Reconciliation of movements in carrying amount of property, plant, equipment and motor vehicles [a]

($'000)

	Land at fair value 2026	Buildings at fair value 2026	Plant, equipment and motor vehicles at fair value 2026	Assets under construction at cost 2026	Total 2026
Opening balance – 1 July 2025	**1,075**	**756**	**3,251**	**1,414**	**6,496**
Additions	-	-	1,653	108	1,761
Disposals	-	-	(38)	-	(38)
Transfer in/(out) of assets under construction	-	-	1,414	(1,414)	-
Revaluations	245	(88)	-	-	157
Depreciation	-	(28)	(1,423)	-	(1,451)
Machinery of government transfer in [b]	-	-	44	-	44
Closing balance – 30 June 2026	**1,320**	**640**	**4,901**	**108**	**6,969**

Notes:

(a) A full independent revaluation for this purpose group has been conducted for the year ending 30 June 2026 as per the requirements of FRD 103 Non-financial physical assets. The next scheduled full revaluation for this purpose group will be conducted in 2031. Refer to Note 7.3 for more information.

(b) *Includes property, plant and equipment transferred in as part of a machinery of government change, refer to Note 8.1 for further details.*

4.2 INTANGIBLE ASSETS

($'000)

	Computer Software 2026	Works in Progress (WIP) 2026	Total 2026
Gross carrying amount			
Opening balance	**23,562**	**726**	**24,288**
Additions	137	-	137
Transfers in/(out) of WIP	726	(726)	-
Closing balance	**24,425**	**-**	**24,425**
Accumulated amortisation and impairment			
Opening balance	**(16,087)**	**-**	**(16,087)**
Amortisation of intangible produced assets [(a)]	(2,157)	-	(2,157)
Closing balance	**(18,244)**	**-**	**(18,244)**
Net book value at end of financial year	**6,181**	**-**	**6,181**

Note:

(a) The consumption of intangible produced assets is included in 'depreciation and amortisation' line item, where the consumption of the intangible non-produced assets is included in 'net gain/(loss) on non-financial assets' line item on the comprehensive operating statement.

Initial recognition

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 *Intangibles* (AASB 138) 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 of the following are demonstrated, including:

- 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 produced 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 finite useful lives are tested for impairment whenever an indication of impairment is identified.

Note 5. Other assets and liabilities

This section sets out those assets and liabilities that arose from the BPC's controlled operations.

Structure

5.1 Other assets
5.2 Other liabilities
5.3 Other non-financial assets

5.1 OTHER ASSETS

5.1.1 Receivables

($'000)

	2026	2025
Contractual		
Other receivables	132	125
Allowance for impairment losses of contractual receivables	-	(7)
Statutory		
Building Practitioner Board fines and costs	1,161	1,435
Other receivables	28	33
GST input tax credit recoverable	-	980
Allowance for impairment losses of statutory receivables	(849)	(1,218)
Total receivables	**472**	**1,348**
Represented by		
Current receivables	**472**	**1,348**

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 BPC 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 but are not classified as financial instruments for disclosure purposes. The BPC applies AASB 9 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.

5.1.2 Deferred acquisition costs

($'000)

	Notes	2026	2025
Deferred acquisition costs at beginning of year		**-**	**-**
Machinery of government transfer in [(a)]		16,737	-
Acquisition costs deferred		15,979	-
Amortisation during the year		(3,944)	-
Deferred acquisition costs at end of year	5.2.2.2 (a)	**28,772**	**-**

Note:

(a) Includes deferred acquisition costs transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

The BPC defers commission costs incurred in obtaining and recording general insurance contracts by recognising them as an asset in the balance sheet when they can be reliably measured and it is probable that future economic benefits will flow to the BPC. Deferred acquisition costs are systematically amortised over the life of the related insurance policies on a basis that reflects the expected pattern of risk incidence and the earning pattern of the underlying premiums. The amortisation method, key assumptions and any subsequent changes are reviewed regularly.

5.1.3 Contract assets

The BPC did not have any Contract Assets to recognise in 2026 (2025: nil).

5.1.4 Impairment loss

($'000)

	Notes	2026	2025
Impairment loss			
Impairment loss on statutory receivables	3.5	(378)	(729)

In accordance with Financial Reporting Direction 114 *Financial Instruments* (FRD 114), the BPC applies the simplified approach, which requires the loss allowance to always be measured at an amount equal to lifetime expected credit losses for all trade receivables, and statutory receivables.

The loss allowances for receivables are based on assumptions about risk of default and expected loss rates. The expected loss rates applied as at 30 June 2026 vary from 50 per cent for receivables between 90 – 180 days, 75 per cent for between 180 – 365 days, and 100 per cent for receivables that are more than 365 days past due (30 June 2025 - from 50 per cent to 100 per cent).

Impairment of financial assets

The BPC records the allowance for expected credit loss (ECL) for the relevant financial instruments applying AASB 9 Expected Credit Loss approach. The BPC's contractual receivables and statutory receivables are subject to AASB 9 impairment assessment.

Contractual Receivables at amortised cost

BPC 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 BPC has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the BPC's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Statutory receivables at amortised cost

The BPC applies a similar simplified approach to statutory receivables as for contractual receivables, using a lifetime expected credit loss model based on shared credit risk characteristics, historical data, current conditions, and forward-looking information.

Due to their nature, statutory receivables are assessed for impairment and written off when there is no reasonable expectation of recovery. Impairment losses are recognised as transaction expenses, with any subsequent recoveries credited to the same item.

5.2 OTHER LIABILITIES

5.2.1 Payables

($'000)

	2026	2025
Contractual payables		
Supplies and services	9,866	3,375
Amounts payable to government and agencies	18,005	11,466
Statutory payables		
Fringe Benefits Tax payable	77	63
GST payable	5,118	-
Other taxes payable	2,527	230
Total payables	**35,593**	**15,134**
Represented by		
Current payables	35,593	15,134

Payables consist of:

Contractual payables are classified as financial instruments and measured at amortised cost. Accounts payable represent liabilities for goods and services provided to the BPC prior to the end of the financial year that are unpaid.

Statutory payables 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 agreements and as they are not legislative payables, they are not classified as financial instruments.

5.2.2 Insurance liabilities

($'000)

	Notes	2026	2025
Insurance liabilities			
Unearned premium	5.2.2.1	395,407	-
Gross claims liabilities	5.2.2.3	397,614	-
Total insurance liabilities		**793,021**	**-**
Represented by			
Current insurance liabilities		265,217	-
Non-current insurance liabilities		527,804	-

5.2.2.1 Unearned premium

($'000)

	2026	2025
Unearned premium liability at beginning of year	**-**	**-**
Machinery of government transfer in [(a)]	305,340	-
Premium written	229,729	-
Premium earned	(139,662)	-
Unearned premium liability at end of year	**395,407**	**-**
Represented by		
Current unearned premium liability	148,853	-
Non-current unearned premium liability	246,554	-

Note:

(a) Includes unearned premium liabilities transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

In accordance with AASB 1023, the unearned premium represents the proportion of the BPC's gross written premium that relates to unexpired terms of the policies in force as at the reporting date and is calculated as the portion of risk for which the coverage is yet to be provided.

Refer to Note 5.2.2.2 (a) for the independent actuarial assessment of the adequacy of net unearned premium liability.

5.2.2.2 Unexpired risks

At the balance sheet date, the BPC recognises a liability in respect of outstanding claims and assesses the adequacy of its unearned premium liability. As required under AASB 1023, at the reporting date, a LAT was performed by the BPC's independent actuary to determine the adequacy of the unearned premium liability. The LAT compares the unearned premium liability against current estimates of the present value of the expected future cash flows relating to future claims arising from the rights and obligations under current insurance contracts. A risk margin is added to the value of future claims to take into account the inherent uncertainty in the central estimate (refer to Note 5.2.2.3).

If the assessment shows the carrying amount of the liabilities is inadequate, any deficiency is recognised as an expense in the comprehensive operating statement by firstly writing down the deferred acquisition cost and to the extent an additional liability is required, this is recognised in the balance sheet as an unexpired risk liability.

Refer to Note 5.2.2.3 (e) for the actuarial assumptions pertaining to discount rates and risk margins accordingly.

(a) Calculation of premium deficiencies

($'000)

	Notes	2026	2025
Net premium liability		395,407	-
Net present value of expected future cash flows relating to future claims		(213,851)	-
Risk margin		(66,936)	-
Gross deferred acquisition costs recognised		(28,772)	-
Gross premium surplus/(deficiency)		**85,848**	**-**
Deferred acquisition costs written down		-	-
Net premium deficiency		**-**	**-**

The LAT performed at 30 June 2026 identified no net premium deficiency. Expected future claims and associated expenses relating to unexpired risks are adequately covered by the unearned premium liability. Accordingly, no unexpired risk liability has been recognised, and the full deferred acquisition cost is recognised as an asset. There was no movement in the net unexpired risk liability during the year.

5.2.2.3 Gross claims liabilities

(a) Gross claims liabilities

($'000)

	2026	2025
Undiscounted central estimate	332,470	-
Discount to present value	(42,126)	-
Discounted value of central estimate	**290,344**	**-**
Claims handling expenses	12,485	-
Risk margin	94,785	-
Total gross claims liabilities	**397,614**	**-**
Represented by		
Current gross claims liabilities	116,365	-
Non-current gross claims liabilities	281,249	-

The gross outstanding claims liability consists of the estimated costs of claims reported but not yet paid, claims incurred but not reported (IBNR), claims handling expenses and a risk margin.

The provision for gross outstanding claims is actuarially determined (valuation performed bi-annually) in consultation with the claims managers. It is measured as the estimate of the expected future payments required to settle the present obligation at the reporting date, including the expenses associated with the settlement. The expected future payments are estimated on the basis of the ultimate cost of the settling of claims, which is affected by factors arising during the period to settlement such as inflation.

Discount rates are selected with reference to observable market-based yields: where discounting is applied, the present value is calculated using yield curves derived from relevant term Commonwealth government securities. The inflation assumptions reflect both market-implied indicators and BPC-specific evidence, including the expected future claims settlement pattern.

A risk margin is determined by the BPC to reflect the inherent uncertainty in the net discounted central estimate of claim liabilities. The uncertainty has been determined on a basis that reflects the nature of the BPC's domestic building insurance business. Consideration is given to the robustness of the valuation models, the reliability and volume of the available data, and the characteristics of the business written. The risk margin and the net discounted central estimate are key inputs in the determination of the probability of adequacy, which is a statistical measure of the relative adequacy of the outstanding claims liability to ultimately be able to pay claims. For the BPC, the outstanding claims liability estimate includes a risk margin of

31.3% to cover the inherent uncertainty in the net central estimate. The risk margin has been set at a level that results in an overall probability of sufficiency in the outstanding claims liability of 75%.

(b) Reconciliation of movement in discounted claims liabilities

($'000)

	2026	2025
Claims liabilities at beginning of year	**-**	**-**
Machinery of government transfer in [(a)]	384,699	-
Effect of changes in economic assumptions	(14,898)	-
Effect of changes in other assumptions	62,002	-
Effect of claims moving one year closer to settlement	10,730	-
Claims incurred for most recent policy year	98,516	-
Claims incurred charged to income	**541,049**	**-**
Net claim payments during the year	(143,435)	-
Claims liabilities at end of year	**397,614**	**-**

Note:

(a) Includes gross claims liabilities transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

(c) Undiscounted gross central estimate of claims liabilities maturity profile

($'000)

	2026	2025
Under 1 year	86,812	-
1-5 years	163,663	-
Over 5 years	81,995	-
Total	**332,470**	**-**

(d) Net claims development tables

The following table illustrates the movement in net undiscounted claims liabilities against the ultimate expected cost of claims for the 10 most recent policy years. For claims development information relating to periods prior to the transfer of the domestic building insurance function on 1 July 2025 (refer to Note 8.1 for further details), reference should be made to the applicable VMIA annual financial statements.

($'000)

	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	Total
Original estimate of ultimate net claims incurred at end of policy year	64,226	53,697	59,672	68,987	81,980	84,454	137,285	107,955	110,125	121,603	
One year later	59,381	51,686	69,962	66,676	94,179	146,767	172,827	107,585	85,484	-	
Two years later	72,897	73,239	66,458	52,909	111,629	190,156	187,834	91,454	-	-	
Three years later	100,920	78,298	63,745	71,457	113,252	208,389	180,450	-	-	-	
Four years later	110,609	79,051	83,096	69,041	121,883	213,792	-	-	-	-	
Five years later	115,173	87,418	91,656	74,405	129,056	-	-	-	-	-	
Six years later	123,771	97,137	105,843	82,372	-	-	-	-	-	-	
Seven years later	137,056	92,471	120,085	-	-	-	-	-	-	-	
Eight years later	148,639	105,938	-	-	-	-	-	-	-	-	
Nine years later	155,026	-	-	-	-	-	-	-	-	-	
Current estimate of ultimate net claims incurred	155,026	105,938	120,085	82,372	129,056	213,792	180,450	91,454	85,484	121,603	1,285,260
Cumulative payments	(137,176)	(88,064)	(89,665)	(50,228)	(80,970)	(150,325)	(110,513)	(16,913)	(2,742)	(103)	(726,699)
Net claims liabilities – undiscounted	17,850	17,874	30,420	32,144	48,086	63,467	69,937	74,541	82,742	121,500	558,561
2016 and prior years											21,008
Unearned liabilities											(247,099)
Total net claims liabilities – undiscounted											**332,470**
Discount to present value											(42,126)
Claims handling expenses											12,485
Risk margin											94,785
Net claims liabilities at 30 June 2026											**397,614**

Critical actuarial judgements, assumptions and estimates

The BPC makes judgements, assumptions and estimates in respect of the liabilities for claims arising from insurance contracts issued, which are subject to significant estimation uncertainty. These are regularly evaluated and are based on historical experience and expectations of future events that are deemed reasonable.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

Insurance contracts commence on the building project contract's start date and run for 6 years after the completion date of the project. The terms and conditions of these insurance contracts are reviewed on an ongoing basis. Domestic building insurance is a long tail class of insurance with premium earned over a period of 8 years from policy inception and claims paid up to a number of years thereafter.

The following table summarises the main assumptions used by the independent actuary in estimating the net claims liabilities:

($'000)

Actuarial assumptions	2026	2025
Inflation rate (% p.a.)	3.7	-
Discount rate (% p.a.)	4.5	-
Weighted average term to settlement (years)	3.4	-
Claim frequency (% of total certificates)	2.0	-
Average claim size ($ per claim at end of year)	76,600	-
Claims handling expense rate (% of claim payments)	4.3	-
Risk margin (% p.a.)	31.3	-

Process used to determine assumptions:

- **The inflation rate** is set following consideration of the duration of the claims liabilities and with reference to both economic forecasts and historical experience for wage inflation.
- **The discount rate** is calculated as the weighted average of the interest rates on Commonwealth Government securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.
- **The weighted average discounted term to settlement** is calculated based on historical settlement patterns and is measured from the balance sheet date.
- **The claims handling expense rate** is calculated with reference to past experience of claims handling expenses as a percentage of gross claims payments.
- **The risk margin** is estimated taking into account both the historic volatility, and internal and external risk factors that may impact the ultimate claims cost.

Sensitivity analysis – insurance contracts:

The independent actuary has conducted sensitivity analysis to quantify the impact of movements in key underlying variables on the claims liabilities at the balance sheet date. As the BPC is not subject to income taxation the impact on equity is the same as the impact on the comprehensive result for the financial year.

The tables below describe how a change in each assumption will impact on equity and the comprehensive result:

Variable	Impact of movement in variable on the comprehensive result
Inflation rates	Expected future claim payments are increased to take account of the impact of inflation. Such increases include economic inflation. An increase in an inflation assumption would increase net claims incurred.
Discount rate	Claims liabilities are calculated with reference to expected future claim payments. These claim payments are discounted to take into account the time value of money. An increase in the assumed discount rate would decrease net claims incurred.
Claim frequency	Claim frequency is calculated based on past experience. An increase in the frequency of claims would increase net claims incurred.
Average claim size	Estimated average claim size is based primarily on historical experience. An increase in the estimated average claim size would increase net claims incurred.
Claims handling expense Rate	Claims liabilities include the professional and administration costs that are directly associated with individual claims pertaining to the future management and settlement of these claims. This is calculated as a percentage of the gross claim payments based on past experience. An increase in the claims handling expense rate would increase gross claims incurred.
Risk margin	The risk margin is applied to the net central estimate of the claims liabilities to achieve a 75% probability that the claims liabilities will be sufficient. To estimate the risk margin, the independent actuary considers the uncertainty associated with the actuarial models and assumptions, the quality of the data used, and the insurance and economic environments. An increase in the risk margin would increase net claims incurred.

Financial impact of changes in assumptions on the comprehensive result for the current year:

Variable	Sensitivity %	2026	2025
Inflation rate (% p.a.)	+0.5 -0.5	5,701 (5,546)	-
Discount rate (% p.a.)	+0.5 -0.5	(5,546) 5,701	-
Claim frequency (% of total certificates)	+0.1 -0.1	19,453 (19,453)	-
Average claim size ($ per claim at end of year)	+10 -10	39,761 (39,761)	-
Claims handling expense rate (% of claim payments)	+1.0 -1.0	3,812 (3,812)	-
Risk margin (% p.a.)	+1.0 -1.0	3,028 (3,028)	-

5.2.3 Contract liabilities

($'000)

	2026	2025
Total contract liabilities	**14,189**	**13,329**
Represented by		
Current contract liabilities	12,370	11,497
Non-current contract liabilities	1,819	1,832

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 levies received in bank at 30 June 2026, pending to be processed in the Building Activity Management System on 1 July 2026 is recognised at year-end as contract liability.

5.3 OTHER NON-FINANCIAL ASSETS

($'000)

	2026	2025
Current other non-financial assets		
Prepayments	2,278	1,886
Total current other non-financial assets [(a)]	**2,278**	**1,886**

Note:

(a) Includes prepayments transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

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 the current reporting period.

Note 6. How we financed our operations

This section provides information on the sources of finance utilised by the BPC during its operations, along with interest expenses and other information related to financing activities of the BPC.

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 Borrowings
6.2 Leases
6.3 Cash flow information and balances
6.4 Commitments for expenditure

6.1 BORROWINGS

($'000)

	2026	2025
Current borrowings		
Lease liabilities [(a)]	1,500	1,386
Total current borrowings [(b)]	**1,500**	**1,386**
Non-current borrowings		
Lease liabilities [(a)]	14,592	10,700
Total non-current borrowings [(b)]	**14,592**	**10,700**
Total borrowings	**16,092**	**12,086**

Notes:

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

(b) Includes lease liabilities transferred in as part of a machinery of government change, refer to Note 8.1 for further details.

'Borrowings' refer to interest bearing liabilities from lease liabilities.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost and recognised at the fair value of the consideration received less directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Terms and conditions of borrowings

	Weighted average interest rate (%)	Carrying amount	Nominal amount	Maturity dates: Less than 1 month	1-3 months	3 months–1 year	1–5 years	*5+ years*
2026								
Lease liabilities [(a)]	5.23%	16,092	18,724	114	263	1,281	16,354	712
Total		**16,092**	**18,724**	**114**	**263**	**1,281**	**16,354**	**712**
2025								
Lease liabilities [(b)]	4.47%	12,086	14,542	119	250	1,064	12,569	540
Total		**12,086**	**14,542**	**119**	**250**	**1,064**	**12,569**	**540**

Notes:

(a) In 2026, BPC entered into a new sub-lease agreement for additional office space at 242 Exhibition Street, Melbourne, Victoria

(b) In 2025, BPC entered into a new sub-lease agreement for additional office space as part of an extension option within the lease agreement entered into in 2024.

The BPC operates under the Government fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

Interest expense

($'000)

	2026	2025
Interest expense on lease liabilities	749	466
Total interest expense	**749**	**466**

'Interest expense' includes costs incurred in connection with the borrowing of funds and includes the interest component of lease repayments.

Interest expense is recognised in the period in which it is incurred.

6.2 LEASES

The BPC 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 Recognition and measurement of leases as a lessee

For any new contracts entered into, the BPC 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 BPC 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 BPC and for which the supplier does not have substantive substitution rights;
- the BPC 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 BPC has the right to direct the use of the identified asset throughout the period of use; and
- the BPC 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.

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 BPC 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.

Presentation of right-of-use assets and lease liabilities

The BPC presents right-of-use assets as "Buildings" and "Plant, equipment and motor vehicles" respectively (refer to Note 4.1.1). Lease liabilities are presented as "Borrowings" in the balance sheet (refer to Note 6.1).

Future Lease Payments

($'000)

	Minimum future lease payments [a]	
	2026	2025
Not longer than 1 year	1,658	1,433
Longer than 1 year but not longer than 5 years	16,354	12,569
Longer than 5 years	712	540
Minimum future lease payments	**18,724**	**14,542**
Less future finance charges	(2,632)	(2,456)
Present value of minimum lease payments	**16,092**	**12,086**

Note:

(a) Minimum future lease payments include the aggregate of all base payments and any guaranteed residual.

6.3 CASH FLOW INFORMATION AND BALANCES

Cash and deposits, including cash equivalents, comprise cash on hand and cash at bank. The BPC's bank accounts are held within the Central Banking System (CBS) in accordance with the *Standing Directions 2018*.

($'000)

	2026	2025
Total cash and deposits in the balance sheet [a]	1,013,446	76,710
Balance as per cash flow statement	**1,013,446**	**76,710**

Note:

(a) Total cash and deposits includes cash at bank held to back insurance liabilities. Refer to Note 8.4, which separately discloses cash and deposits amounts attributable to general BPC operations and domestic building insurance operations.

In accordance with the BPC's investment policy, liquidity is maintained through the holding of sufficient working capital in short-term investments, while a diversified investment approach is adopted to support long-term investment objectives. The BPC expects to further develop its investment portfolio in the coming financial year through investing in the pool growth fund managed by the Victorian Funds Management Corporation (VFMC).

Assets backing insurance liabilities

The BPC has determined that all financial assets with the exception of receivables and a portion of cash and deposits i.e., amounts attributable to general BPC operations, are held to back the insurance liabilities and are valued at fair value in the balance sheet. Financial assets held to back the insurance liabilities are designated at fair value through profit or loss in accordance with FRD 114 and AASB 1023. Initial recognition is at fair value in the balance sheet with any subsequent changes in fair value recognised in the comprehensive operating statement.

Refer to Note 7.1 and 7.3.2 respectively, for fair value determination details of the financial instruments.

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 2026	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	-	-	-	-
Other commitments payable	30,484	21,506	-	51,990
Total commitments (inclusive of GST)	**30,484**	**21,506**	**-**	**51,990**
Less: GST recoverable from the Australian Tax Office	(2,771)	(1,955)	-	(4,726)
Total commitments (exclusive of GST)	**27,713**	**19,551**	**-**	**47,264**

($'000)

Nominal amounts 2025	Less than 1 year	1-5 years	5+ years	Total
Capital expenditure commitments payable	263	525	-	788
Other commitments payable	8,027	4,550	-	12,577
Total commitments (inclusive of GST)	8,290	5,075	-	13,365
Less: GST recoverable from the Australian Tax Office	(754)	(461)	-	(1,215)
Total commitments (exclusive of GST)	**7,536**	**4,614**	**-**	**12,150**

Note 7. Financial instruments, contingencies and valuation judgements

The BPC 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 BPC 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 BPC'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* (AASB 132).

Categories of financial assets

Financial assets at amortised cost

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

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

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 BPC recognised the following assets in this category:

- cash and deposits (excluding those held to back the insurance liabilities); and
- receivables (excluding statutory receivables).

Financial assets at fair value through profit or loss

Financial assets are required to be measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income.

However, as an exception to those rules above, the BPC may, at initial recognition, irrevocably designate financial assets as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. Consequently, the BPC has designated its cash and deposits (held to back the insurance liabilities) as fair value through profit or loss.

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 BPC 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 BPC 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 BPC has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the BPC's continuing involvement in the asset.

Categories of financial liabilities

Financial liabilities at amortised cost

Financial liabilities measured 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 profit and loss over the period of the interest-bearing liability, using the effective interest rate method. The BPC recognises the following liabilities in this category:

- Payables (excluding statutory payables);
- Borrowings (including lease liabilities); and
- Security deposits.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

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 is recognised as an ‘other economic flow’ in the comprehensive operating statement.

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

($'000)

	Carrying amount	Net gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss
2026					
Financial assets at amortised cost					
Cash and deposits	122,821	-	4,055	-	-
Receivables [a]	132	-	-	-	-
Total financial assets at amortised cost	**122,953**	**-**	**4,055**	**-**	**-**
Financial assets at fair value through profit/loss					
Cash and deposits	890,625	-	32,393	-	-
Total financial assets	**1,013,578**	**-**	**36,448**	**-**	**-**
Financial liabilities at amortised cost					
Payables [a]	27,871	-	-	-	-
Security deposits	2,750	-	-	-	-
Borrowings					
Lease liabilities	16,092	-	(749)	-	-
Total contractual financial liabilities	**46,713**	**-**	**(749)**	**-**	**-**

($'000)

	Carrying amount	Net gain/(loss)	Total interest income/ (expense)	Fee income/ (expense)	Impairment loss
2025					
Financial assets at amortised cost					
Cash and deposits	76,710	-	3,074	-	-
Receivables [a]	125	-	-	-	-
Total financial assets at amortised cost	**76,835**	**-**	**3,074**	**-**	**-**
Financial assets at fair value through profit/loss					
Cash and deposits	-	-	-	-	-
Total financial assets	**-**	**-**	**-**	**-**	**-**
Financial liabilities at amortised cost					
Payables [a]	14,841	-	-	-	-
Security deposits	2,676	-	-	-	-
Borrowings					
Lease liabilities	12,086	-	(466)	-	-
Total contractual financial liabilities	**29,603**	**-**	**(466)**	**-**	**-**

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).

7.2 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.

7.2.1 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.

There are no contingent assets for the period ending 30 June 2026 and 30 June 2025 respectively.

7.2.2 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 and the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Non-quantifiable contingent liabilities

A number of potential obligations are non-quantifiable at this time arising from:

- indemnities provided in relation to transactions, including financial arrangements and consultancy services, as well as for directors and administrators; or
- deeds in respect of certain obligations.

Quantifiable contingent liabilities

($'000)

	2026	2025
Quantifiable claims [(a)]	1,542 to 5,125	1,507 to 3,625

Note:

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

7.3 FAIR VALUE DETERMINATION

This section sets out information on how the BPC 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, equipment and motor vehicles (excluding right-of-use assets); and
- Financial assets at fair value through profit or loss.

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 BPC 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 BPC, in conjunction with VGV and other external valuers, 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:

- valuation techniques; and
- details of significant assumptions used in the fair value determination.

7.3.1 Fair value determination: Non-financial physical assets

Valuation techniques and significant assumptions of non-financial physical assets measured at fair value

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) amended AASB 13 by adding Appendix F *Australian implementation guidance for not-for-profit public sector entities*. Appendix F explains and illustrates the application of the principles in AASB 13 on developing unobservable inputs and the application of the cost approach. FRD 103 *Non-financial physical assets* (FRD 103) permit Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

The most recent full independent valuation of all the BPC's non-financial physical assets was performed in the reporting period ending 30 June 2026. In accordance with FRD 103 the BPC applied Appendix F of AASB 13 prospectively as part of the current formal revaluation process. There was no material impact to the financial statements.

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

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. An independent valuation was performed by Opteon Property Valuations in conjunction with VGV to determine fair value using 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 2026. To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are valued 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, fair value is determined using the current replacement cost method.

Motor Vehicles are valued using the current replacement cost method. The BPC 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 managers in the BPC who set relevant depreciation rates during use to reflect the utilisation of the vehicles.

Description of significant assumptions applied to fair value measurement:

2025 and *2026*	Valuation technique	Significant assumption	Range (weighted average) [(a)]
Non-Specialised land	Market approach	Cost per square metre	$300 - $650/m^2 ($550)
Non-Specialised buildings	Market approach	Cost per square metre	$680 - $1500/m^2 ($1,090)
Motor Vehicles	Current replacement cost	Useful life of vehicles	3 - 5 years
Plant and equipment	Current replacement cost	Useful life of plant and equipment	3 - 10 years

Note:

(a) Illustrations on the valuation techniques and significant assumptions and unobservable inputs are indicative and should not be directly used without consultation with entities' independent valuer.

7.3.2 Fair value determination: Financial assets

Valuation techniques and significant assumptions of financial assets measured at fair value

Cash and deposits: For cash and deposits held to back insurance liabilities, the net gain or loss is calculated by taking the movement in the fair value of the asset, plus the interest income, and minus any impairment recognised in the net result. The BPC categorises these instruments as Level 1.

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 Restructuring of administrative arrangements
8.2 Other economic flows included in net results
8.3 Profit/(loss) on underwriting
8.4 Segment information
8.5 Insurance contracts — risk management policies and procedures
8.6 Changes in accounting policy
8.7 Responsible persons
8.8 Remuneration of executives
8.9 Related parties
8.10 Remuneration of auditors
8.11 Security deposits
8.12 Subsequent events
8.13 Other accounting policies
8.14 Australian Accounting Standards issued that are not yet effective

8.1 RESTRUCTURING OF ADMINISTRATIVE ARRANGEMENTS

The Victorian Parliament passed the *Building Legislation Amendment (Buyer Protections) Bill 2025*, gazetted on 24 June 2025. Under this reform, the BPC was established effective 1 July 2025, as Victoria's new regulator for the building and plumbing sectors, consolidating the functions of the VBA, DBDRV, and the domestic building insurance responsibilities of the VMIA. For the first time, regulation, dispute resolution, and domestic building insurance are integrated within a single agency. This consolidation in functions aims to enhance regulatory oversight across the consumer journey and strengthen protections within the building system.

As part of the machinery of government restructure effective 1 July 2025, the net asset transfers disclosed in the table below were treated as contributions by owners in accordance with AASB 1004. The net assets assumed by BPC were recognised at their carrying amounts immediately prior to transfer, as recorded in the balance sheets of the respective transferors, being VMIA in respect of the domestic building insurance function and the Department of Government Services in respect of DBDRV.

($'000)

	2026 Transfer in: Domestic building Insurance function	2026 Transfer in: DBDRV function
Assets		
Cash	786,044	1,688
Property, plant and equipment	44	97
Deferred acquisition costs	16,737	-
Other non-financial assets	846	-
Liabilities		
Borrowings	-	(98)
Unearned premium	(305,340)	-
Gross claims liabilities	(384,699)	-
Employee-related provisions	(1,194)	(1,687)
Net assets recognised	**112,438**	**-**
Net capital contribution	**112,438**	**-**

8.2 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.

($'000)

	2026	2025
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of plant, equipment and motor vehicles	106	238
Total net gain/(loss) on non-financial assets	**106**	**238**
Total other economic flows included in net results	**106**	**238**

8.3 PROFIT/(LOSS) ON UNDERWRITING

($'000)

	Notes	2026	2025
Insurance net premium revenue	2.2.3	139,662	-
Insurance net claims incurred	3.2	(156,045)	-
Insurance net commission incurred	3.3	(3,944)	-
Insurance administration expenses [(a)]	8.4	(12,300)	-
Profit/(loss) on underwriting		**(32,627)**	**-**

Note:

(a) This amount is part of the Other Operating expenses line item under Note 8.4 separated for the Insurance operations.

8.4 SEGMENT INFORMATION

The BPC consolidates the functions of the VBA, DBDRV, and the domestic building insurance responsibilities of the VMIA. Accordingly, the BPC's operating results and financial position are presented below by segment as Insurance operations (representing the domestic building insurance function) and General operations (representing all other functions).

2026 ($'000)

	General	Insurance	Total
Revenue and Income from transactions			
Levies, fees and fines revenue	113,311	-	113,311
Insurance net premium revenue	-	139,662	139,662
Grant income	60,453	-	60,453
Interest income	4,055	32,393	36,448
Other income	185	-	185
Total revenue and income from transactions	178,004	172,055	350,059
Expenses from transactions			
Employee costs	115,045	6,221	121,266
Board and committee costs	709	57	766
Insurance net claims incurred	-	156,045	156,045
Insurance net commission incurred	-	3,944	3,944
Grant expenses	1,189	-	1,189
Other operating expenses [(a)]	25,112	6,006	31,118
Depreciation and amortisation	5,364	13	5,377
Interest expense	747	2	749
Total expenses from transactions	148,166	172,288	320,454
Net result from transactions (net operating balance)	29,838	(233)	29,605
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	110	(4)	106
Total other economic flows included in net result	29,948	(237)	29,711
Net result from continuing operations	**29,948**	**(237)**	**29,711**

Note:

(a) Other operating expenses attributable to the Insurance function relating to insurance contracts include legal fees, consultancy fees, general administrative expenses, IT services and records management expenses.

Administrative expenses relating to insurance contracts, comprising both direct and indirect operating costs that are not directly attributable to the acquisition of insurance contracts, are generally recognised as incurred in accordance with AASB 1023. Costs (both direct and indirect) that are attributable to the acquisition of premium revenue are deferred as deferred acquisition costs in accordance with BPC policy (refer Note 3.3). All other administrative expenses are recognised in profit or loss as incurred.

SEGMENT INFORMATION (continued)

($'000)

	General	Insurance	Total
Assets			
Financial assets			
Cash and deposits	122,821	890,625	1,013,446
Receivables	472	-	472
Total financial assets	123,293	890,625	1,013,918
Non-financial assets			
Property, plant and equipment	18,108	63	18,171
Intangible assets	6,181	-	6,181
Deferred acquisition costs	-	28,772	28,772
Other non-financial assets	2,075	203	2,278
Total non-financial assets	26,364	29,038	55,402
Total assets	149,657	919,663	1,069,320
Liabilities			
Payables	22,381	13,212	35,593
Contract liabilities	14,189	-	14,189
Borrowings	16,028	64	16,092
Unearned premium	-	395,407	395,407
Gross claims liabilities	-	397,614	397,614
Employee-related provisions	19,527	1,165	20,692
Security deposits	2,750	-	2,750
Total liabilities	74,875	807,462	882,337
Net assets	74,782	112,201	186,983
Equity			
Accumulated surplus	71,698	(237)	71,461
Contributed capital	2,182	112,438	114,620
Physical asset revaluation surplus	902	-	902
Net worth	74,782	112,201	186,983

8.5 INSURANCE CONTRACTS — RISK MANAGEMENT POLICIES AND PROCEDURES

The financial condition and operation of the BPC is affected by a number of key risks including insurance, financial and operational risk. The BPC's policies and procedures in respect of managing insurance risks are set out below.

8.5.1 Objectives in managing risks arising from insurance contracts and policies mitigating these risks

The BPC has an objective to manage insurance risk thus reducing the volatility of insurance premiums and economic insurance results. In addition to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, the net result for the BPC is significantly affected by market and economic factors external to the organisation.

The BPC has developed, implemented and maintained a sound and prudent approach to risk management that encompasses all aspects of its operations. This includes the adoption of policies and procedures, processes and controls in relation to the management of likely financial and non-financial risks.

Key aspects of the processes in place to mitigate risks include:

- actuarial models that use claims information derived from the claims experience of the BPC with consideration of industry experience;
- adherence to reliable and documented procedures for underwriting and pricing risk; and
- a Strategic Asset Allocation strategy to meet the BPC's Investment objective by optimising the investment return within acceptable risk parameters. No investments were held at the reporting date; however it is expected that investments will be established with the VFMC) in the next financial year to ensure appropriate diversification of assets and alignment with the approved investment strategy.

Concentration of insurance risk	Interest rate risk	Credit risk
The BPC's domestic building insurance provides essential coverage for homeowners and builders in Victoria, protecting against risks associated with incomplete or defective building work. The homeowners and geographic locations are diversified. Concentration of insurance risk principally arises from large builders with multiple current and historic insurance certificates. Such issues are considered when determining risk margins and target funding levels.	The valuation of liabilities arising from insurance contracts entered into are directly affected by changes in interest rates.	The liabilities arising from insurance contracts have no significant exposure to credit risk and are stated in the balance sheet at the amounts that best represent the maximum credit risk exposure at the reporting date.

8.5.2 Insurance funding ratio

The BPC targets a funding position where assets available to meet net outstanding claims liabilities are 100% to 155% of the net outstanding claims liabilities (where liabilities are discounted using the investment return objective and inclusive of risk margin). This ratio of modified assets available to meet claims liabilities to modified claims liabilities is referred to as the Insurance Funding Ratio (IFR) and is the measure adopted for capital management purposes.

8.6 CHANGES IN ACCOUNTING POLICY

8.6.1 Right-of-use assets

The BPC has made a change in accounting policy to change the measurement basis from the revaluation model to the cost model for the subsequent measurement of right-of-use assets arising from market leases, in accordance with the updated requirements under FRD 104.

Previously, the BPC had measured all right-of-use assets arising from market leases using the revaluation model under AASB 13. Following the change in accounting policy, the BPC will measure all right-of-use assets using the cost model. Right-of-use assets measured using the cost model are held at cost less accumulated depreciation and impairment and any adjustments for remeasurement of lease liability. Periodic revaluations are not required; however, the cost model requires annual impairment assessments in accordance with AASB 136. Upon adoption of the cost model, the BPC has applied a modified retrospective approach. The approach takes the right-of-use asset's carrying amounts recorded under the revaluation model as at 30 June 2025 as the right-of-use asset's opening balances on application of the cost model.

Accordingly, the comparative information presented is not restated and is reported at the previously determined fair value.

Impact on financial statements

On transition to the cost model, there was no impact on the BPC's financial statements. No impairment was identified by the BPC for the right-of-use asset held as at 30 June 2026.

8.7 RESPONSIBLE PERSONS

In accordance with the Ministerial Directions issued by the Minister of Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

Minister	
The Hon. Harriet Shing MP, Minister for Housing and Building	1 July 2025 – 14 April 2026
The Hon. Nick Staikos, Minister for Housing and Building	15 April 2026 – 30 June 2026

Accountable Officer	
Anna Cronin, Commissioner [1] & Chief Executive Officer	1 July 2025 – 30 June 2026

Remuneration received or receivable by the Accountable Officer in connection with the management of the BPC during the reporting period was in the range: $520,000 - $529,999 (2025: $490,000 - $499,999).

8.8 REMUNERATION OF EXECUTIVES

The number of senior executive service members, other than Ministers and accountable officers, 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 (as defined in AASB 119) in all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered. Accordingly, remuneration is determined on an accrual basis.

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.

($'000)

	Total remuneration	
	2026	2025
Total remuneration [(a)]	3,781	3,461
Total number of executives	**11**	**15**
Total annualised employee equivalents [(b)]	**10**	**10**

Notes:

(a) The total number of senior executive service members includes persons who meet the definition of Key Management Personnel (KMP) of the BPC under AASB 124 Related Party Disclosures and are also reported within the related parties (Note 8.9) disclosure below.

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

[1] The original appointment of Anna Cronin as Sole Commissioner of the BPC ended on 31 March 2026, and subsequently re-appointed on 2 June 2026.

8.9 RELATED PARTIES

The BPC is a wholly owned and controlled entity of the State of Victoria.

Related parties of the BPC 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);
- all Cabinet Ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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 BPC had transactions with other government-related entities and these transactions were undertaken in the ordinary course of operations.

The BPC received grant funding from the Department of Transport and Planning (DTP) of $45.3 million (2025: $25.4 million) in relation to strengthening the BPC's position as Victoria's new regulator for the building and plumbing sectors.

The BPC received grant funding from CAV of $15.0 million (2025: Nil) in relation to meeting the costs of administrating the functions of the DBDRV.

The BPC is responsible for collecting the cladding rectification levy. As at 30 June 2026, $15.9 million (2025: $9.1 million) is payable to DTP in relation to the cladding rectification levy.

The BPC also made the following payments to government-related entities during the financial year:

($'000)

Government-related entities	2026	2025
Cladding Safety Victoria [(a)]	18	71,751
Consumer Affairs Victoria [(b)]	19,095	16,375
Department of Government Services [(c)]	7,122	-
Department of Justice and Community Safety [(d)]	23	5,033
Department of Transport and Planning [(e)]	157,727	40,398
Victorian Managed Insurance Authority [(f)]	3,695	3,243
Other departments and agencies [(f)]	1,512	2,332
Total aggregate transactions	**189,192**	**139,132**

Notes:

(a) The remittance of the cladding rectification levy to Cladding Safety Victoria (CSV) ceased in the previous financial year, with remittances now being made to the DTP.

(b) This represents CAV's share of the building levy.

(c) This represents the share of domestic building practitioner registration fee revenue to which Consumer Affairs Victoria (CAV) is entitled under the Ministerial Agreement. Following Machinery of Government changes, these amounts are transferred to the Department of Government Services (DGS), which now includes CAV. Additional payments were made for the provision of good and/or services.

(d) This represents the portion of domestic building practitioner registration fee revenue that was previously transferred to the Department of Justice and Community Safety and, following Machinery of Government changes, is now transferred to the DGS.

(e) This represents primarily the remittance of the remaining cladding rectification levy to DTP as part of the Cladding Rectification Partnership Program.

(f) For the provision of goods and/or services.

Key management personnel (KMP) of the BPC include Responsible Persons as outlined in Note 8.7 and senior executives of the BPC as indicated below:

Steven Baxas, State Building Surveyor	01 July 2025 – 30 June 2026
Katrina Excell, Chief Corporate Services Officer and Chief Finance Officer	01 July 2025 – 30 June 2026
Todd Bentley, Chief Strategy Officer and Joint Executive Lead Regulatory Operations	01 July 2025 – 30 June 2026
John Sullivan, Chief Governance Officer and Joint Executive Lead Regulatory Operations	01 July 2025 – 30 June 2026
Marg Burge, Chief People Officer	01 July 2025 – 17 June 2026
Jodee Cook, Acting Chief People Officer	18 June 2026 – 30 June 2026
Mark Kealy, Chief Transformation Officer	01 July 2025 – 30 June 2026
Nicole Swift, Chief Communications, Media and Marketing Officer	01 July 2025 – 30 June 2026
Jodi Ongley, General Counsel	01 July 2025 – 30 June 2026
Efy Karagiannis, Chief Insurance Officer	01 July 2025 – 30 June 2026
Alex Sutton, Acting Chief Dispute Resolution Officer	01 July 2025 – 30 November 2026
Alex Sutton, Chief Dispute Resolution Officer	01 December 2025 – 30 June 2026

Remuneration of key management personnel

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	2026	2025
Total [(a)]	**4,309**	**3,951**

Note:

(a) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.8).

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 occurs 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 BPC, there were no 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.

8.10 REMUNERATION OF AUDITORS

($'000)

	2026	2025
Victorian Auditor-General's Office		
Audit of the financial statements [(a)]	250	65
Total remuneration of auditors	**250**	**65**

Note:

(a) No remuneration was paid to the Victorian Auditor-General's Office for any other services except for audit services.

8.11 SECURITY DEPOSITS

($'000)

	2026	2025
Security deposits	2,750	2,676
Total security deposits	**2,750**	**2,676**

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 BPC until building works are completed. Payments are recognised as a liability at the time the deposit is received by the BPC. The liability is measured at carrying value.

8.12 SUBSEQUENT EVENTS

The Cladding Safety Victoria Repeal Act 2026 was passed by the Victorian Parliament on 12 May 2026 and received Royal Assent on 19 May 2026. The Act provides for the wind-up of CSV and the transfer of its remaining functions, assets, liabilities and staff to the BPC, supporting the consolidation of building safety functions within a single regulator. Following the transfer, any residual activities and outstanding obligations associated with CSV will be managed and finalised by the BPC.

The transfer became effective on 1 July 2026. As part of the transfer, approximately $48 million in assets and $19 million in liabilities were transferred to the BPC. The Act also facilitates the replacement of the Cladding Rectification Levy with the Building Reform Levy, which commenced on 1 July 2026 and applies to eligible building projects in metropolitan Victoria. This event is a non-adjusting subsequent event and does not require any adjustments to be recognised in the financial statements as at 30 June 2026.

In July 2026, BPC commenced the implementation of its approved Investment Policy, under which a significant portion of its financial assets will be invested with VFMC to support the long-term financial objectives of its insurance schemes.

8.13 OTHER ACCOUNTING POLICIES

Contributions by owners

Consistent with the requirements of AASB 1004, 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 Department.

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

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

8.14 AUSTRALIAN ACCOUNTING STANDARDS ISSUED THAT ARE NOT YET EFFECTIVE

Certain new and revised accounting standards have been issued but are not effective for the 2025-26 reporting period. These accounting standards have not been applied in BPC's financial statements, and an assessment of their potential impact is currently underway.

1. **AASB 17 *Insurance Contracts* (AASB 17), AASB 2022-8 *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments* (AASB 2022-8) and AASB 2022-9 *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector* (AASB 2022-9)**

   AASB 2022-9 amends AASB 17 to make public sector-related modifications (e.g. it specifies the pre-requisites, indicators and other considerations in identifying arrangements that fall within the scope of AASB 17 in a public sector context). This Standard applies for annual reporting periods beginning on or after 1 July 2026.

   AASB 2022-8 makes consequential amendments to other Australian Accounting Standards so that public sector entities are permitted to continue to apply AASB 4 and AASB 1023 to annual periods before 1 July 2026.

   The BPC has commenced its assessment of the recognition, measurement, presentation, and disclosure requirements of AASB 17 as they relate to its insurance contracts and has determined that its domestic building insurance arrangements meet the definition of insurance contracts under the standard. The BPC expects to apply the Premium Allocation Approach (PAA), as permitted under AASB 2022-9, to measure liabilities for remaining coverage for its insurance contracts.

   While the assessment of the full financial reporting and disclosure implications of the standard is continuing, including consideration of evolving industry practice and transition requirements, the BPC's impact assessment performed to date indicates that the adoption of AASB 17 is not expected to have a material impact on its financial statements. Any impact is expected to arise primarily from changes in the discounting methodology applied to insurance liabilities on transition.

2. **AASB 18 *Presentation and Disclosure of Financial Statements* (AASB 18)**

   AASB 18 replaces AASB 101 *Presentation of Financial Statements* to improve how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

   The key presentation and disclosure requirements established by AASB 18 is the presentation of newly defined subtotals in the statement of profit or loss.

   AASB 18 applies to annual reporting periods beginning on or after 1 January 2027 for for-profit entities and applies to annual reporting periods beginning on or after 1 January 2028 for not-for-profit entities. The one-year deferral allows the AASB to consult with stakeholders and consider potential modifications for not-for-profit public sector entities.

   On 30 October 2025, the AASB released Exposure Draft ED 338 *Application of AASB 18 and AASB 17 by Superannuation and Not-for-Profit Entities and Operating Cash Flow Reconciliation*, proposing its public sector modifications to AASB 18 for public comments by 27 February 2026.

   The BPC is currently in the process of assessing the potential impact of AASB 18.

Appendices



Appendix A – Disclosure index

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

Legislation	Requirement	Page reference
Report of operations		
Charter and purpose		
FRD 22	Manner of establishment and relevant Ministers	9
FRD 22	Purpose, functions, powers and duties	7, 9
FRD 22	Key initiatives and projects	11–65
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Legislation	Requirement	Page reference
Financial and other information		
FRD 22	Disclosure of reviews and studies	54–57
FRD 24	Reporting of office-based environmental impacts	78–81
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SD 5.2	Specific requirements under Standing Direction 5.2	2
Compliance attestation and declaration		
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SD 5.2.3	Declaration in report of operations	2
Financial statements declaration		
SD 5.2.2	Declaration in financial statements	90
Other requirements under Standing Directions 5.2		
SD 5.2.1(a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	99–100
SD 5.2.1(a)	Compliance with Standing Directions	2
SD 5.2.1 (b)	Compliance with Model Financial Report	2
Other disclosures as required by FRDs in notes to the financial statements		
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	141–143
FRD 103	Non-financial physical assets	110–111, 144–145
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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 18. Performance against occupational health and safety management measures

Measure	Key performance indicator	2025-26	2024-25[12]
Incidents and injuries	Number of incidents[13]	191	71
	Incident rate per 100 FTE (%)	35.1	14.2
	Number of incidents requiring first aid and/or further medical treatment	32	6
	Number of injuries[14]	155	65
	Injury rate per 100 FTE (%)	28.5	1.2
	Total recordable injury frequency rate (TRIFR)[15]	7.5	11.5
	Medical treated injury frequency rate (MTIFR)	0.9	5.8
	Lost time injury frequency rate (LTIFR)	6.6	5.8
Claims[16]	Number of standard claims	2	1
	Rate per 100 FTE (%)	0.4	0.2
	Number of lost time claims	2	1
	Rate per 100 FTE (%)	0.4	0.2
	Number of claims exceeding 13 weeks	2	1
	Rate per 100 FTE (%)	0.4	0.2
Fatalities	Fatality claims	0	0
Claim costs	Average cost per standard claim ($)	$49,168[17]	$18.761[18]
Return to work (RTW)	Percentage of claims with RTW plan <30 days	0	0

12 *Data corrections.*

13 *Increased awareness of how to report incidents, together with the introduction of the Occupational Health and Safety (Psychological Health) Regulations contributed to increased reporting.*

14 *Injury includes report only, first aid, medical treatment, lost time and fatality injuries.*

15 *A reduced TRIFR shows the early support provided to injured people has reduced the number of injuries requiring medical treatment.*

16 *New standard claims in 2025-26 only.*

17 *Refined definition to average cost per new standard claim submitted in 2025-26 – 2 new claims with a total cost of $98,336 in the last year.*

18 *The refined definition for claims costs has been applied to the average standard claims' costs for 2025-26.*

Measure	Key performance indicator	2025-26	2024-25[12]
Management commitment	Evidence of HSW policy statement, HSW objectives, regular reporting to senior management of HSW and HSW 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 HSW Committee meetings	7	6
Risk management	Percentage of internal audits/inspections conducted as planned (%)	100	100
	Percentage of reported incidents investigated (%)	100	100
	Number of improvement notices issued across the BPC by WorkSafe Inspector	0	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
	Percentage of HSRs trained:		
	upon acceptance of role (initial training) (%)	100	100
	retraining (annual refresher) (%)	10	0

Public sector values, employment and conduct principles

The BPC 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 BPC's robust integrity framework requires that all our people act with the highest standards of probity to ensure that positive consumer outcomes are the focus of what we do. The BPC's Integrity Unit supports this full suite of policy and procedure documents with regular webinars, learning modules and resource materials. All employees and executives receive an introduction to the Framework on appointment and complete annual refresher modules accompanied by a formal attestation that they understand and comply with their integrity obligations.

Compliance with the integrity framework is monitored by reviewing declarations of private interests, conflicts of interest and offers of gifts and hospitality. Data analysis is used to identify possible conflicts of interest for follow up while a confidential reporting facility is available for staff who become aware of an integrity breach. Each year all employees and executives must attest to their compliance with their integrity obligations and that they have reported any breaches they are aware of.

During 2025-26, the Audit and Risk Committee and the Executive Leadership Team oversaw the operation of the Conflict of Interest and the Gifts, Benefits and Hospitality policies. An annual report on the operation of the policies was submitted to the Audit and Risk Committee.

Workforce inclusion

The BPC fosters an inclusive culture where equal opportunity and diversity are valued. As of 30 June 2026, 49.3 per cent of the BPC identified as women, 50.3 per cent identified as men and 0.4 per cent self-described. The BPC Executive Leadership Team was comprised of 52 per cent men and 48 per cent women.

Table 19. Details of employment at 30 June 2026

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the BPC employed as at 30 June 2026.

		All employees		Ongoing			Fixed-term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	**Gender**							
	Women	368	355.68	250	33	273.88	85	81.8
	Men	376	371.7	283	10	290	83	81.7
	Self-described	3	3	3	0	3	0	0
	Age							
	15–24	16	14.6	8	1	8.6	7	6
	25–34	134	131.92	85	7	89.92	42	42
	35–44	252	245.02	191	18	203.82	43	41.2
	45–54	173	171	137	6	141.4	30	29.6
	55–64	125	124.3	95	3	97.3	27	27
	65+	47	43.54	20	8	25.84	19	17.7
Classification data	**VPS 1–6 grades**							
	VPS 1	0	0	0	0	0	0	0
	VPS 2	77	73.03	46	9	52.03	22	21
	VPS 3	89	85.83	61	8	66.63	20	19.2
	VPS 4	155	152.38	113	9	119.38	33	33
	VPS 5	246	242.57	195	11	203.57	40	39
	VPS 6	106	104.07	79	6	83.27	21	20.8
	Senior employees							
	Senior Technical Specialists (STS)	47	45.5	42	0	42	5	3.5
	Executives	27	27	0	0	0	27	27
	Total employees	**747**	**730.38**	**536**	**43**	**566.88**	**168**	**163.5**

Table 20. Details of employment at 30 June 2025

The following table discloses the headcount and FTE of ongoing, fixed term and casual employees of the BPC employed as at 30 June 2025.

		All employees		Ongoing			Fixed-term and casual	
		Number (headcount)	FTE	Full-time (headcount)	Part-time (headcount)	FTE	Number (headcount)	FTE
Demographic data	**Gender**							
	Women	239	230.98	178	24	195.47	37	35.51
	Men	267	264.67	229	8	235.04	30	29.63
	Self-described	4	4	4	0	4	0	0
	Age							
	15–24	8	7.6	7	1	7.6	0	0
	25–34	77	75.2	71	5	74.2	1	1
	35–44	170	166.1	155	15	166.1	0	0
	45–54	131	129.14	124	7	129.14	0	0
	55–64	96	95.2	93	2	94.2	1	1
	65+	28	26	20	7	25	1	1
Classification data	**VPS 1–6 grades**							
	VPS 1	0	0	0	0	0	0	0
	VPS 2	76	73.37	55	6	58.66	15	14.71
	VPS 3	53	51.2	42	4	45	7	6.2
	VPS 4	54	53	45	3	47	6	6
	VPS 5	193	190.49	174	12	183.49	7	7
	VPS 6	86	83.75	65	6	69.52	15	14.23
	Senior employees							
	Senior Technical Specialists (STS)	31	30.84	30	1	30.84	0	0
	Executives	17	17	0	0	0	17	17
	Total employees	**510**	**499.65**	**411**	**32**	**434.51**	**67**	**65.14**

Table 21. Annualised Total Remuneration Package for executives and other senior non-executive employees at 30 June 2026

The following table discloses the annualised Total Remuneration Package (TRP) for senior employees of the BPC, categorised by classification.

Income band (salary)	Executives (TRP)	STS (TRP)
< $160,000		
$160,000 - $179,999		
$180,000 - $199,999		
$200,000 - $219,999		8
$220,000 - $239,999	4	12
$240,000 - $259,999	5	19
$260,000 - $279,999	2	5
$280,000 - $299,999	4	3
$300,000 - $319,999	4	
$320,000 - $339,999		
$340,000 - $359,999	2	
$360,000 - $379,999	1	
$380,000 - $399,999	1	
$400,000 - $419,999		
$420,000 - $439,999	1	
$440,000 - $459,999		
$460,000 - $479,999	1	
$480,000 - $499,999		
$500,000 - $519,999	2	
Total	**27**	**47**

Table 22. Executive profile

	2025-26			2024-25		
	Men	**Women**	**Self-described**	**Men**	**Women**	**Self-described**
CEO		1		-	1	-
Executive officers	14	12		8	8	-
Total	**14**	**13**		**8**	**9**	**-**

Table 23. Reconciliation of executive numbers

	2025-26	**2024-25**
Executives with total remuneration over $100,000	26	16
Accountable officer (CEO)	1	1
Total	**27**	**17**

Appendix C – 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 BPC to manage the adjudication process under the SoP Act. The BPC 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 BPC.

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 BPC'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 BPC 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 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.

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.

Freedom of Information (FOI)

Documents held by the BPC, 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 BPC 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.

Plumbing inquiries

Disciplinary proceedings into the conduct of plumbing practitioners commenced by the BPC 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.

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 BPC'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 BPC 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.

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.



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