**Shake-up in building industry**

Victoria Date November 29, 2012

* (0)
* Read later

**Richard Baker and Nick McKenzie**

* [submit to reddit](http://www.reddit.com/submit?url=http://www.theage.com.au/victoria/shakeup-in-building-industry-20121128-2aep9.html&title=Shake-up%20in%20building%20industry)
* [Email article](http://www.theage.com.au/action/emailToFriend?id=3844845)
* [Print](http://www.theage.com.au/action/printArticle?id=3844845)
* [Reprints & permissions](http://rightsportal.copyright.com.au/pages/republicationpage.aspx?publisher=fxj&publication=TAG&author=Richard%20Baker%20and%20Nick%20McKenzie%20&title=Shake-up%20in%20building%20industry&publicationdate=29/11/2012&url=http://www.theage.com.au/victoria/shakeup-in-building-industry-20121128-2aep9.html)

*The Age* report on April 4 this year.

VICTORIA'S building industry regulator and several associated bodies are to be abolished and replaced by a single new authority.

The demise of the Victorian Building Commission comes after *The Age* this year exposed a culture of extravagant spending that in part led to a $3 million budget shortfall, conflicts of interest involving senior commission officials and a failure to act on warnings that unregistered inspectors were approving work on thousands of homes.

The commission is a statutory authority that regulates standards in the state's $24-billion-a-year construction industry and oversees the building permit system. It is funded through levies paid by home owners and developers on building permits.

Planning Minister Matthew Guy will announce on Thursday the creation of the Victorian Building Authority, which will replace the building commission, the Plumbing Industry Commission and the Architects Registration Board.

Advertisement

The regulatory structure being overhauled by Mr Guy was introduced by the Kennett government in 1994 and enhanced by subsequent Labor administrations.

The new authority, to be led by a chief executive and an independent board, will be responsible for regulation of the industry.

The future of the Building Practitioners Board and the Building Appeals Board - statutory bodies that discipline builders and provide an avenue of appeal - will be reviewed by an independent expert.

*The Age* understands the Baillieu government wants a simpler and more transparent complaints and disciplinary process. One option being considered is a funding boost for the Victorian Civil and Administrative Tribunal so it can play a greater role in this process.

Mr Guy's announcement comes before next month's expected tabling in Parliament of a State Ombudsman report on the governance of the commission and associated bodies, the use of public money by senior officials and their handling of bullying claims.

The abolition of the commission comes nearly 12 months after a damning Auditor-General's report found that 96 per cent of 401 building permits it examined that were issued by private and council surveyors failed to meet basic standards.

Mr Guy said the public did not have faith in the present building regulatory system.

''The establishment of the Victorian Building Authority in conjunction with these other reforms is a critical step in ensuring the ad hoc approach to industry regulation over the past decade is brought to an end,'' he said.

''The current system does not promote consistent service capability and dents consumer confidence in and respect for the industry.

''The reform package is designed to ensure building industry practitioners have a system which enables them to deliver services consistently and professionally, while consumers have confidence they will receive the services they have been promised.''

Legislation for the overhaul is expected to be introduced into Parliament in the first half of next year following consultation with builders, plumbers, surveyors, local councils and other relevant parties.

A more rigorous monitoring and enforcement program to assess the work of building surveyors will also be introduced.

The commission is understood to have advised Mr Guy this year that it was unable to assure him or the community

that the building permit system was working effectively because there was no mechanism to assess the performance of surveyors or to ensure minimum safety standards were being met.

Changes to the Builders Warranty Insurance Scheme will also be considered.

The announcement of a new building regulator ends a tumultuous year for the commission, with long-serving commissioner Tony Arnel resigning in January. Several other senior commission figures also resigned or did not have their contracts renewed by Mr Arnel's replacement, Michael Kefford.

Mr Kefford, whose contract expires in February, has implemented several of the Auditor-General's recommendations.

*The Age* this year revealed that Mr Arnel had authorised the use of tens of thousands of dollars in public funds for senior commission officials to hire corporate boxes at AFL games, dine at top restaurants and attend the Australian Open tennis.

Recipients of the commission's hospitality included representatives of some of Victoria's biggest building firms - the very people it is supposed to regulate.

The commission also spent large sums on contractors, including up to $48,000 per month to Mr Arnel's former Melbourne City Council colleague and management consultant Peter Donald, and up to $2 million a year on external legal advice. Mr Arnel in May defended the spending as being good value for money.

The commission also failed to act on repeated warnings between 2003 and 2008 that surveying firms were using unregistered inspectors to approve work on thousands of homes.

Know more about this story? investigations@theage.com.au

Read more: <http://www.theage.com.au/victoria/shakeup-in-building-industry-20121128-2aep9.html#ixzz34g9J2Z4w>