



## What is the BPC and what effect does its establishment have on domestic building disputes?

The Building and Plumbing Commission (BPC) was established to consolidate the functions of the Victorian Building Authority (VBA), the Domestic Building Dispute Resolution Victoria (DBDRV) and the insurance arm of the Victorian Managed Insurance Authority (VMIA). This means that the VBA and the DBDRV no longer exist, but their services are now provided by the BPC. Domestic Building Insurance (DBI) is also now provided by the BPC.

The BPC was established to streamline regulation, insurance and dispute resolution under a single authority, with a focus on encouraging rectification over compensation.

The Building Legislation Amendments (Buyer Protections) Act 2025 (Vic) (Act) sets out the framework for the BPC's functions and new powers. Whilst the Act is already in force, some of its key provisions such as the full "first resort" domestic insurance and the power to issue rectification orders are scheduled to commence by 1 July 2026. The BPC itself commenced operations on 1 July 2025.

### Increased Regulatory Power

The BPC will be given new powers to issue rectification orders against builders and developers, potentially blocking occupancy permits and subdivision registration for serious defects. This means that builders and developers will be compelled to fix their own defective works, potentially reducing the volume of cases reaching VCAT for monetary compensation. There is a clear push to resolving disputes through rectification orders rather than immediate financial compensation.

Critically, the BPC will be able to issue rectification orders against builders and developers for defective, incomplete or non-compliant building work after the occupancy permit has been issued and the homeowner has taken possession. Currently, regulatory intervention is limited once a building is occupied. Rectification orders can be issued by the BPC up to 10 years from the date of the occupancy permit or certificate of final inspection.

Rectification work carried out under a BPC order does not necessarily require a new building permit. This will streamline the process however it means the BPC must ensure the rectification works itself are compliant.

The BPC can take disciplinary action against registered practitioners who fail to comply with orders, including suspending or cancelling their registration.

## **“First Report” Insurance**

Homeowners (for residential buildings up to three storeys) will be able to make a claim on their DBI policies for defective work if a builder fails to comply with a rectification order issued by the BPC. This is a substantial change from the current “last resort” system where a DBI claim can only be made where a builder or developer dies, disappears or goes insolvent.

When implemented, homeowners will be able to make a claim directly with the BPC. The BPC can then pursue the builder to recover any payments made under the DBI policy.

Importantly, the BPC's insurance will extend cover to owners in instances where they have lost their deposit or where a builder fails to obtain DBI, providing broader protection. This will address issues that arose from collapses like Porter Davis Homes. Builders are still required to obtain DBI for eligible works. Disciplinary action can be taken by the BPC against builders who fail to obtain the required insurance.

## **Developer Bonds for High-Rise Apartments**

For residential buildings exceeding three storeys, a new developer bond scheme is being introduced by the Act. Developers will be required to provide a bond (3% of the total build cost) to the BPC as security for potential defects. This aims to provide a recourse for owner's corporations.

A building assessor is to be appointed and paid by the developer following the first meeting of the owner's corporation for the purpose of assessing defective works. The building assessor is required to prepare a preliminary report specifying any defective works within 18 months after the occupancy permit is issued and a final report within 24 months.

The developer is then provided with an opportunity to rectify identified defects. If it fails to do so, the owner's corporations can submit a claim to the BPC to access the developer bond to fund necessary works. The BPC will determine the bond claim.

## **Blocking Occupancy Permits and Subdivision Registrations**

Developers of apartments exceeding 3 storeys will be required to notify the BPC of their intention to apply for an occupancy permit. This allows the BPC to conduct its own inspections to identify serious defects before an occupancy permit is issued. If serious defects are identified and a builder/developer fails to rectify such defects, the BPC can block an occupancy permit from being issued. In similar circumstances, the BPC also has the power to prevent a registration of a plan of subdivision.

The full impact and detailed processes of the Act will become clearer as its remaining provisions are implemented by July 2026.