

SPECTRUM SPEAKS

If there is one thing the first quarter of 2026 has made clear, it is that change in the residential construction industry is not slowing down.

To say there has been a lot happening would be an understatement.

In just a matter of months, we have seen significant legal and regulatory reform begin to reshape the operating environment for builders, developers, and industry professionals. For many businesses, the challenge is no longer simply understanding what is changing - it is keeping pace with what those changes mean in practice.

In this quarter's newsletter, we take a closer look at some of the major reforms now affecting the industry, including the changes to the Buyer Protection regime and the Domestic Building Contracts Act. These reforms are already prompting important conversations around risk, compliance, and how businesses will need to adapt moving forward.

We also examine the substantial changes to the Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024, which will require many businesses to reassess their policies, procedures, and documentation to ensure they remain compliant in a more heavily regulated environment.

Alongside these broader reforms, we continue to focus on the practical issues we regularly see our clients grappling with every day - including where building works are carried out without a signed contract, the complexities surrounding owner-builder works (especially when those works are sold) and the difficulties involved in pursuing claims against insolvent companies.

This edition also broadens the lens beyond just legal issues alone as we include articles from:

- Spectrum Coach who shares practical strategies for small to medium builders seeking to strengthen their sales, refine their systems, and improve business performance in a market that demands both agility and discipline.
- Spectrum's family law team share insights in the complex area of coercive control (a form of family violence)
- Spectrum Group's Practice Manager, Estelle, reflects on her learnings from a recent conference attended in Sydney, which explored the evolving themes of brand, profitability, and leadership in modern-day business - topics that are increasingly relevant for all professional service businesses navigating growth and change.

We hope this edition provides not only useful legal insight, but also practical perspective on the challenges and opportunities facing the industry right now.



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Victorian Construction Reforms: What Builders and Developers Must Do Now

By Donna Abu-Elias

Victoria’s building and construction sector is entering the most significant period of regulatory reform in decades. A series of legislative changes passed in 2025 will progressively commence from mid-2026, fundamentally altering how risk is allocated across residential projects.

The key reforms arise under the following:

- Building Legislation Amendment (Buyer Protections) Act 2025
- Domestic Building Contracts Amendment Act 2025
- Building Legislation Amendment (Fairer Payments on Jobsites and Other Matters) Act 2025.

Collectively, they introduce significant changes to our construction industry:

- First resort insurance;
- Developer bonds;
- Expanded rectification order powers;
- Stricter financial oversight of builders; and
- Major changes to Security of Payment processes.

For builders, developers and industry participants, these reforms are not incremental adjustments. They represent a structural shift toward earlier regulatory intervention, increased personal and corporate accountability, and expanded consumer recovery rights.

A New Central Regulator: The Building and Plumbing Commission

One of the most significant structural changes is the creation of the Building and Plumbing Commission (**BPC**), which will operate as a consolidated “one stop shop” regulator. The BPC effectively replaces the functions previously performed by the Victorian Building Authority, the Victorian Managed Insurance Authority and Domestic Building Dispute Resolution Victoria.

This centralisation means insurance, dispute resolution, enforcement and oversight now sit within a single statutory authority. From a risk perspective, this increases regulatory visibility and coordination, reducing fragmentation and potentially accelerating enforcement action.

Developer Bond Scheme: 2% Security for Apartment Projects

From 1 July 2026, developers of residential apartment buildings more than three storeys (subject to exclusions) will be required to lodge a bond equal to 2% of the total build cost before an occupancy permit can be obtained.

The bond will be retained for up to two years after completion and may be drawn upon to fund rectification of defective building work. Release of the bond is tied to assessor reports and the expiry of review rights, including potential VCAT proceedings.

In practical terms, this reform imposes an additional capital burden on developers at the back end of projects. It is likely to impact financing structures and may result in developers seeking increased security from head contractors. While framed as a consumer protection mechanism, the commercial reality is that bond costs will need to be absorbed or passed through the supply chain.

Expanded Rectification Order Powers: Up to 10 Years

The BPC will have expanded authority to issue Rectification Orders both during construction and up to 10 years after the issue of an occupancy permit. Significantly, these powers may apply to buildings completed before the reforms commence.

Rectification Orders may be issued not only against builders, but also against subcontractors, developers and any “person who carried out the work”. If works are not rectified, escalation pathways include insurance claims, enforcement proceedings and public reporting.

This represents a substantial shift away from dispute-driven enforcement toward regulator-led intervention. Builders must expect earlier scrutiny and should review internal defect management and documentation processes accordingly.

First Resort Insurance: A Fundamental Change to Risk Exposure

Perhaps the most commercially significant reform is the move from Victoria’s historic “last resort” domestic building insurance model to a First Resort Insurance scheme commencing 1 July 2026.

Previously, homeowners could generally only claim insurance where the builder had died, disappeared or become insolvent. Under the new regime, claims may be made for defective, non-compliant or incomplete work, including failure to comply with a Rectification Order.

Although caps apply (including a \$400,000 limit per home and defined limits for incomplete works and associated costs), the shift is profound. Claims may now arise while the builder remains solvent and trading.

The scheme will be government-managed through the BPC, removing private insurer competition. Industry concerns remain regarding premium increases and increased claim frequency. Builders should anticipate more active insurance engagement and potentially greater scrutiny of defect complaints.

Minimum Financial Requirements: Ongoing Solvency Monitoring

Draft Building Amendment (Minimum Financial Requirements) Regulations 2026 introduce mandatory financial thresholds and reporting obligations for builders.

If a builder’s current ratio falls below 1, notification to the regulator is required within 10 business days. If a builder is unable to pay debts as and when they fall due, notification must occur within five business days.

These measures are designed to reduce insolvency risk in the sector. However, they introduce quasi-prudential regulation and impose significant compliance obligations, particularly on small and medium-sized builders. Businesses will need active financial monitoring and governance processes to avoid regulatory breach.

Domestic Building Contracts Act: Expanded Liability and Enforcement

The Domestic Building Contracts Amendment reforms significantly expand the scope and enforcement mechanisms of the regime.

“Developers” contracting for the construction of two or more homes intended for sale are now expressly captured. They become subject to statutory warranties and new contract disclosure obligations.

The legislation also replaces references to “reasonable care and skill” with “due care and skill” in key provisions, including warranties and provisional sum calculations. While subtle in wording, this amendment may influence judicial interpretation and raise the standard expected of builders.

Importantly, a new general right of action allows any person who suffers loss due to a contravention of the Act to pursue the contravening party or any person “involved in” the contravention. The six-year limitation period creates expanded exposure for both corporate entities and potentially individuals.

Security of Payment: Procedural Discipline Required

Reforms to the Building and Construction Industry Security of Payment Act 2002 abolish “excluded amounts”, remove reference dates, introduce a Christmas blockout period and limit parties to one payment claim per calendar month.

Critically, respondents will no longer be permitted to raise new reasons in adjudication that were not included in their payment schedule. This heightens the importance of preparing comprehensive and precise schedules within time.

The reforms are designed to simplify the process, but they significantly increase procedural risk for respondents who fail to comply strictly.

Building Manuals and Modern Methods of Construction

A further reform requires the creation and maintenance of a building manual for each new building. This will operate as a central repository for construction documentation, warranties and maintenance records.

The legislation also recognises modern methods of construction (such as prefabrication and modular construction), signalling future changes to approvals, licensing and insurance frameworks.

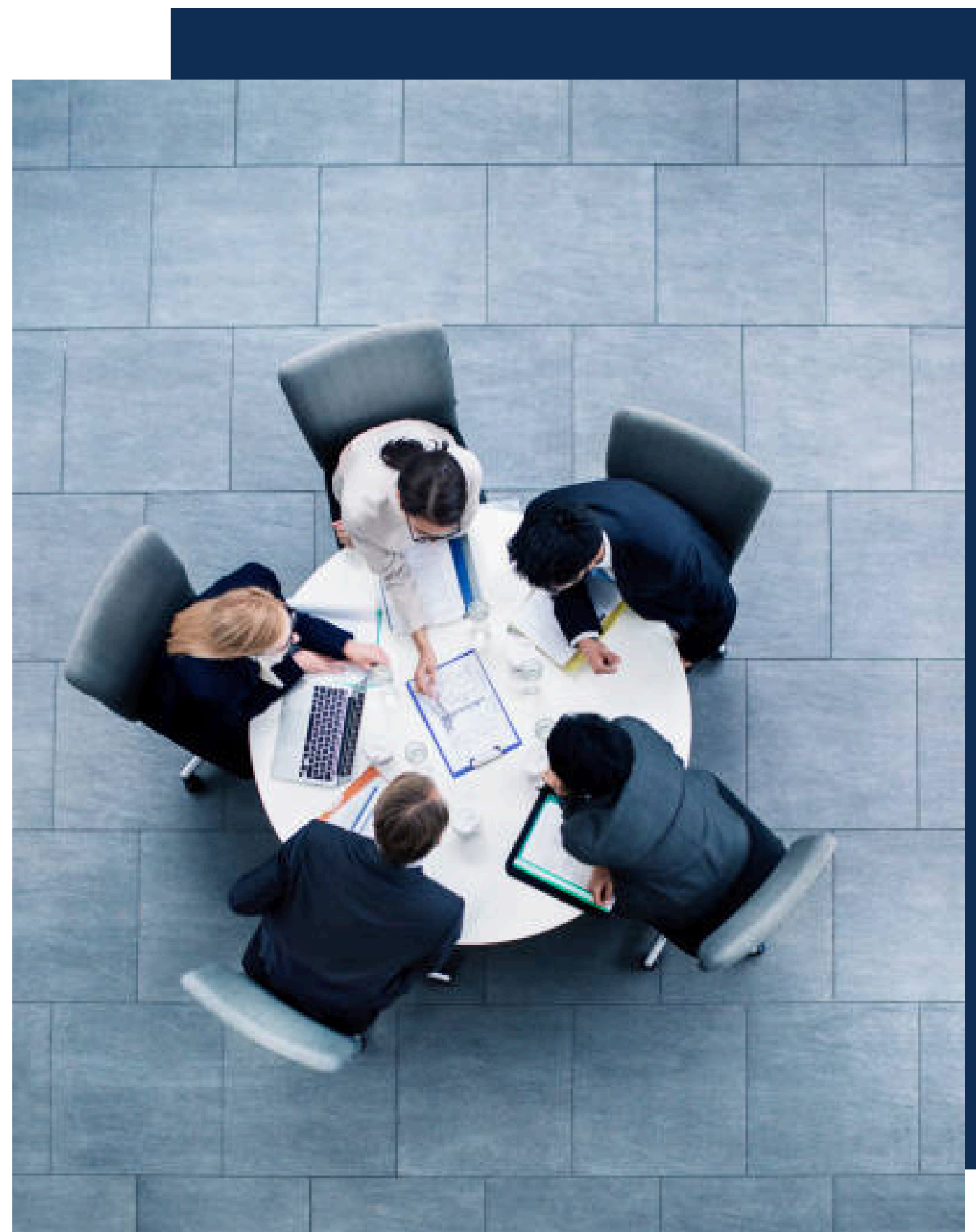
These reforms reinforce the increasing emphasis on documentation, transparency and lifecycle accountability.

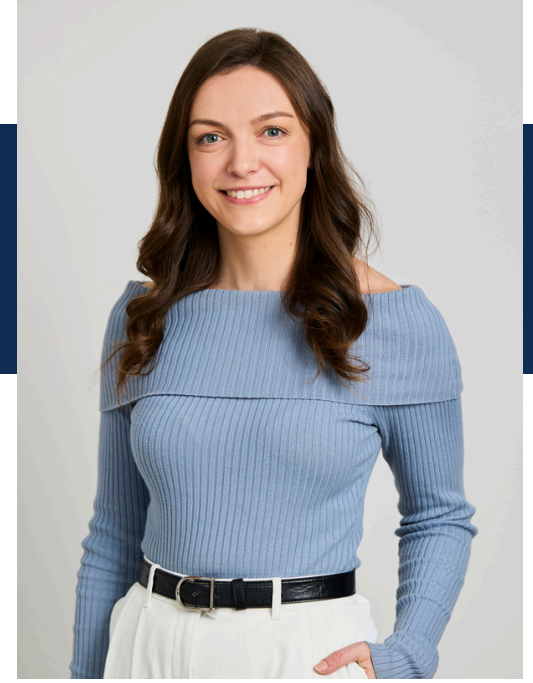
What Should Industry Participants Be Doing Now?

Although many provisions commence mid-2026 and beyond, preparation should begin now. Builders and developers should review contract structures, insurance arrangements, financial monitoring systems, and defect management procedures. Consider the following actions:

- Reassess risk allocation across supply chains in light of expanded Rectification Order powers and new statutory causes of action.
- Audit payment claim and schedule processes to ensure compliance with the amended Security of Payment regime.
- Strengthen internal defect management, documentation, and reporting to support early regulatory intervention and potential rectification orders.
- Prepare for the First Resort Insurance regime by reviewing coverage, caps, and the implications of insurer competition being removed.
- Establish or update early warning indicators and governance processes to meet obligations.

If you would like assistance reviewing your contracts, financial compliance obligations or insurance exposure under the new regime, please contact our construction law team.





AML/CTF Reforms and Legal Transactions: What the 2026 Changes Mean in Practice

By Rebecca Connolly

Introduction

Australia's anti-money laundering and counter-terrorism financing (AML/CTF) framework will expand significantly from 1 July 2026, when certain professional services will be brought within the scope of the national financial crime regime for the first time. Amendments to the Anti-Money Laundering and Counter-Terrorism Financing Act 2006 (Cth) will extend obligations beyond banks and financial institutions to include lawyers, accountants, real estate professionals and other advisers when they assist with particular transactional activities.

The reforms will be overseen by the Australian Transaction Reports and Analysis Centre (**AUSTRAC**) and form part of a broader effort to strengthen Australia's financial transparency and align the domestic framework with international regulatory standards.

Although the obligations introduced by the reforms apply primarily to professional advisers, the practical effects will extend across industries that regularly engage in complex property or corporate transactions. The building and construction sector is a clear example. Development projects often involve land acquisitions, joint ventures and project specific companies that require legal, accounting and advisory support.

For builders, developers and other construction professionals, the reforms are unlikely to change the substance of development activity. However, they will introduce additional procedural steps at the beginning of some transactions. Understanding what the reforms require and how they will operate in practice will help those in the industry navigate these changes smoothly once the new regime commences.

Key Dates for the AML/CTF Reforms

Several important dates mark the transition to the expanded AML/CTF regime:

- **31 March 2026:** Enrolment opens for newly captured reporting entities. Businesses that will provide designated services can begin registering with AUSTRAC.
- **30 June 2026:** Final preparation period for newly captured professions to complete enrolment and establish compliance programs.
- **1 July 2026:** AML/CTF obligations formally commence for newly captured sectors, including lawyers, accountants and certain real estate professionals.

These dates effectively create a three (3) month preparation window between enrolment opening and the commencement of the new obligations.

Why the AML/CTF Framework Is Expanding

Australia's AML/CTF regime has traditionally focused on organisations that directly manage financial transactions. Banks, lenders and remittance providers have long been required to verify customer identities, assess financial crime risks and report suspicious activity.

Regulators have increasingly recognised that financial crime risks can also arise through complex asset structures rather than through banking channels alone. High value property acquisitions, layered corporate ownership arrangements and cross-border investments can sometimes make it difficult to identify the true owner of an asset or the source of funds.

Professional advisers are often involved in establishing these structures or facilitating transactions involving significant assets. Lawyers may establish companies or trusts for development projects, accountants may advise on investment arrangements and real estate professionals may assist with property transfers. The reforms recognise that these advisers are well placed to introduce basic verification checks that improve transparency in these transactions.

In short, the expansion of the regime reflects a policy shift toward ensuring that financial crime controls apply not only to banks, but also to those involved in facilitating major asset transactions.

When the New Requirements Apply

The expanded AML/CTF regime does not apply to all professional services. Instead, obligations arise only when a professional provides what the legislation describes as a "designated service."

This distinction is particularly important for legal and advisory professionals. Providing advice about a transaction will generally not trigger AML/CTF obligations. However, when an adviser becomes directly involved in carrying out or facilitating the transaction, the service may fall within the scope of the regime.

Examples of activities that may constitute designated services include:

- assisting with the purchase or sale of real property;
- managing settlement arrangements;
- establishing companies or trusts connected with a project; or
- assisting with the transfer or control of assets.

When a business provides a designated service, it becomes what the legislation refers to as a reporting entity. Reporting entities must comply with the AML/CTF framework and implement systems designed to identify and manage financial crime risks.

Why the Construction Industry Will Encounter the Reforms

Although the obligations created by the reforms apply to professional advisers, businesses operating within the building and construction sector will often encounter their practical effects. Property development projects frequently involve corporate structuring, land acquisitions and financing arrangements that require professional advisory involvement. Developers may establish project specific companies to hold land, enter into joint venture arrangements with investors or restructure ownership as projects progress.

Where advisers involved in these transactions are providing designated services, they will need to carry out additional compliance checks before progressing their work. This may include verifying the identity of their clients and identifying the beneficial owners of companies or trusts involved in a transaction.

As a result, builders, developers and other industry participants may be asked to provide identification documents or ownership information earlier in the process when engaging professional advisers.

Core Obligations Under the New Regime

Where an organisation provides a designated service, several key obligations arise under the AML/CTF framework. These obligations will apply to newly captured professions from 1 July 2026, although preparation for compliance is expected to occur in the months leading up to that date.

The first step is enrolment with AUSTRAC. Enrolment for newly captured reporting entities opens on 31 March 2026, allowing organisations that will provide designated services to register with the regulator ahead of the commencement of the new regime. Businesses expected to fall within the framework should complete this process during the preparation period, so they are formally recognised as reporting entities before the obligations begin to apply. In practical terms, 30 June 2026 represents the final point by which enrolment and compliance preparations should be completed.

The second requirement is the development and implementation of an AML/CTF compliance program. This program must be in place before the regime begins and operational from 1 July 2026. It sets out how an organisation will identify and manage financial crime risks associated with its services, clients and transactions.

A key part of this framework is customer due diligence. From 1 July 2026, reporting entities must verify the identity of their clients before providing designated services and identify the beneficial owners of companies, trusts or other structures involved in a transaction.

Reporting entities must also maintain prescribed records, train staff to recognise potential financial crime risks and report suspicious matters to AUSTRAC where appropriate. These obligations apply on an ongoing basis once the regime is in effect. Together, these requirements are designed to ensure that organisations facilitating significant transactions understand who they are dealing with and can identify situations that may require further investigation.

The Risk-Based Compliance Approach

A key feature of the AML/CTF framework is that it operates on a risk based approach rather than a rigid set of rules.

Reporting entities must assess the financial crime risks associated with their services and clients and implement controls that are proportionate to those risks. Factors that may influence risk include the type of services provided, the complexity of ownership structures involved in a transaction, the jurisdictions connected to the matter and the nature of the clients.

Higher risk matters may require additional verification procedures or closer monitoring, while lower risk transactions may involve simpler identification checks. The aim is to ensure that compliance measures remain practical while still addressing potential financial crime risks.

Preparing for the July 2026 Commencement

The period leading up to 1 July 2026 is an important preparation phase for organisations that will fall within the expanded AML/CTF regime.

The first step is to determine whether any of the services provided by the organisation could qualify as a designated service under the legislation. This assessment will help businesses understand whether the new framework applies to them.

For organisations that are likely to be captured by the reforms, preparation may involve reviewing existing processes and identifying what systems or procedures need to be introduced or updated. This could include examining how client information is collected, how ownership structures are recorded and how internal reporting processes operate.

Businesses may also need to determine who within the organisation will oversee AML/CTF compliance and ensure staff understand the new requirements. Training and internal guidance will play an important role in implementing these processes effectively. Taking these steps before will help ensure organisations are ready to comply once the regime comes into effect.

What This Means in Practice

For most businesses involved in development and construction projects, the practical impact of the reforms will be procedural rather than structural.

The commercial aspects of property development will remain unchanged. Development agreements, construction contracts, financing arrangements and settlement processes will continue to operate as they do now.

However, where advisers are required to comply with AML/CTF obligations, additional onboarding checks may occur at the beginning of a transaction. Clients may be asked to provide identification documents or information about company ownership structures before work progresses.

Providing this information early will allow advisers to complete the required compliance checks efficiently and proceed with the transaction without unnecessary delays.

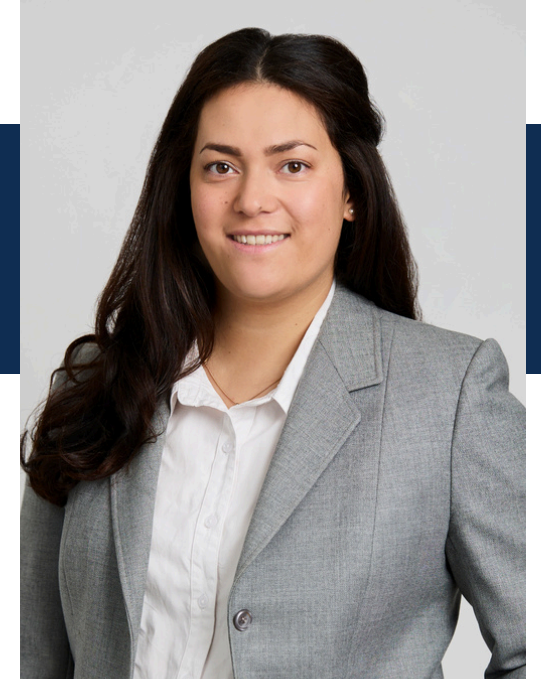
Conclusion

The expansion of Australia's AML/CTF regime represents an important development in the country's regulatory landscape. By extending financial crime safeguards to professional services that facilitate certain transactions, the reforms aim to improve transparency across industries that regularly deal with high value assets.

Although the legal obligations fall primarily on professional advisers, businesses operating in the building and construction sector will often encounter the practical effects of the new regime because of their involvement in property and development transactions.

For most industry participants, the changes will introduce additional administrative steps rather than altering how projects are structured or delivered. With appropriate preparation and early engagement with advisers, the reforms should integrate into existing transactional processes with minimal disruption once they commence in July 2026.





Pursuing insolvent entities in domestic building disputes in Victoria

By Grace Beale

The Victorian construction industry is under significant strain. According to the latest ASIC insolvency statistics, the construction sector continues to record the highest number of companies entering liquidation or external administration nationwide. For the financial year to 22 February 2026, the industry has already recorded 2,176 insolvencies, maintaining its position as the leading contributor to corporate collapses in Australia. For homeowners and developers, this reality transforms a “dream build” into a navigation of complex insolvency, insurance and building law.

If a company is in liquidation or administration, or an individual is in bankruptcy, a statutory stay applies. You cannot commence or continue legal proceedings against these entities without leave of the Court (being either the Supreme Court or Federal Court).

The choice to pursue other parties involved in a project (outside of the builder) may arise where there are concurrent wrongdoers who also caused the owners’ loss. When one or more of those concurrent wrongdoers become insolvent or deregistered, a claim cannot be made or maintained against them. In this situation, the presence of insurance is often the only “pot of gold” remaining when the parties have no assets, become insolvent or cease to exist.

Owners should turn their minds to which entities are responsible for their loss and damage and make enquiries about pursuing those entities before commencing legal proceedings (if time permits), as it can be costly and cause substantial delays to other parties to an existing proceeding at a later date.

Builder’s Warranty Insurance

Builders are required to obtain a domestic building insurance (DBI) policy (also known as builder’s warranty insurance) for residential projects exceeding \$20,000. Currently, a claim can only be made if the builder has died, disappeared, or become insolvent. This policy is designed to cover incomplete work (typically up to 20% of the original contract price) or defective work, typically capped at \$300,000.

Starting 1 July 2026, the builder’s warranty insurance scheme transitions to “first resort” insurance, meaning owners will no longer be required to wait for a builder to go bust before an insurance claim can be made. Certain requirements will need to be met. The purpose of “first resort” insurance is to bypass years of time and money in pursuing a builder in VCAT and the new scheme will see an increase in cover from \$300,000 to \$400,000.

Seeking legal advice is critical before lodging a builder’s warranty insurance claim, as owners may inadvertently limit their total recovery.

Professional Indemnity Insurance

Proceeding against an insolvent company that holds professional indemnity (PI) insurance is often a strategic move for an owner. When the primary contractor (the builder) is insolvent or holds a strong defence (including an apportionment defence) the insurer associated with a third-party building practitioner may become the only viable source of recovery.

Pursuing a third party such as an engineer or building surveyor who is insolvent, will only be worthwhile if the relevant entity held PI insurance at the relevant time.

The Supreme Court is generally inclined to grant leave to proceed against a company in liquidation or external administration under s 471B or s 500(2) of the Corporations Act 2001 (Cth) (**Corporations Act**) if the plaintiff agrees to limit their recovery to the proceeds of an insurance policy, ensuring other creditors of the insolvent company are not prejudiced.

Under section 135 of the Building Act 1993 (Vic), Ministerial Orders (updated from time to time) require building practitioners to hold PI insurance, including the following:

- Building surveyors
- Draftpersons and architects
- Engineers; and
- Quantity surveyors and building inspectors.

Under section 562 of the Corporations Act, if an insurer pays out for a liability to a third party (the owner), the liquidator must pay those specific funds to the third party after deducting only the costs of obtaining the money. This means that the insurance payout bypasses the general pool of unsecured creditors, providing a direct line of recovery for an owner’s loss.

Further, in contrast to DBI which currently caps cover to \$300,000, professional indemnity insurance can be substantial and must currently be a minimum of \$1.5 million for any one claim where defence costs are included. For major structural defects where rectification costs exceed the DBI cap, the building practitioners’ PI policy may be the only to be made whole, in terms of receiving recovery in full for an owner’s total loss and damage.



Deregistered Entities

If the company which has caused or contributed to an owner's loss has already been deregistered, the company does not need to be reinstated. Under section 601AG of the Corporations Act, a person can recover directly from the insurer of the company if the company had a liability to the owner and the insurance contract covered the liability immediately before deregistration.

If you are within the limitation period for making a claim against the company (which should be determined at the outset), a request to the former liquidator or external administrator of the company for insurance policy information should be made. Once it has been determined whether a potential claim against the deregistered company is covered by an insurance policy, a claim can be made against the insurer directly. The policy should be checked for any sub-limits which may substantially reduce the amount payable to owners.

The insolvency of a builder or key consultant is not an absolute barrier to recovery. The path to full recovery requires looking beyond the contracting party and identifying insurance policies early on. Claims with merit and insurance cover are not lost in the liquidation process. However, navigating the intersection of the Corporations Act and Victorian building legislation can be complex and will be more complex when the building reforms under the Building Legislation Amendments (*Buyer Protections*) Act 2025 (Vic) and the *Domestic Building Contracts Amendments Act 2025* come into effect this year. Owners must act quickly to identify relevant building practitioners, ascertain evidence of insurance, and seek legal advice before the statutory clock for claims runs out.





No signed written building contract? Does the builder get paid?

By Sang Nguyen

We regularly provide advice to owners and builders across Victoria who have commenced renovation works or new builds without a properly documented agreement (and in some cases, a signed written contract).

This often occurs where the parties are friends, relatives or long-standing acquaintances who have developed a level of trust in each other.

In some more fortunate cases, the works are completed without a hitch. However, in other unfortunate cases, the parties may be in dispute about defects, variations, delays or non-payment of the agreed price.

Is a building contract enforceable if it is not in writing?

Currently section 31(1) of the Domestic Building Contracts Act 1995 (Vic) (Act) stipulates that it is an offence for a builder to enter into a “major domestic building contract” unless the contract is in writing.

A “major domestic building contract” is defined by the Act as any domestic building works with a contract price exceeding \$10,000. There may be some exceptions to this rule, such as single trade works, which may not fall within the definition of domestic building works according to the Act.

Further, section 31(2) of the Act states that a major domestic building contract is “of no effect” unless it is signed by both the builder and owner.

What does “of no effect” mean?

If a contract is “of no effect”, it means that any terms conferring rights or imposing liabilities or obligations to either party will not be legally enforceable.

If the agreement is in writing and not signed, any written terms will be treated as if they do not exist.

Likewise, if it is a verbal agreement, any terms or representations which formed part of the agreement will also be treated as if they do not exist.

Is the builder still entitled to payment?

Yes. However, this position is much more nuanced and will depend on the circumstances.

In a recent decision made in *Fotopoulos v Landmark Building Design Pty Ltd (Building and Property) [2020] VCAT 1130*, it was determined that the contract was not enforceable as it failed to comply with section 31(2) of the Act. In this case, the Tribunal ordered that the owner pay the builder a sum representing a “fair and reasonable value” of the works performed.

This type of claim arises in restitution (also referred to as quantum meruit) and is well established in many building and construction matters.

How is the fair and reasonable value of the works calculated?

The Courts and Tribunal may consider the following when determining the fair and reasonable value of the works:

- Cost estimates from experts; or
- The price originally agreed between the parties (even if the contract is “of no effect”).

In the *Fotopoulos* case, the builder initially quoted \$48,550 (of which \$25,000 had been paid) but later claimed that the “fair and reasonable value” of the works was \$90,080 based on expert evidence.

The Tribunal applied the High Court’s reasoning in the decision of *Mann v Paterson [2019] HCA 32* and ultimately limited the builder’s recovery to the balance of the original agreed contract price, being \$23,550, less the estimated costs to rectify the defects.

In other words, even if the “fair and reasonable value” exceeds the agreed price, the contract price generally operates as a ceiling on recovery.

Every case is different and turns on its own facts. The outcome and amount the builder is likely to be awarded will depend on the evidence available on a case by case basis.



The Domestic Building Contracts Amendment Bill 2025

The Domestic Building Contracts Amendment Bill 2025 has recently been introduced and received Royal Assent on 16 September 2025. The amendments proposed will take effect on a day proclaimed by the Minister or by 1 December 2026 (whichever is earlier).

In the proposed amendments, section 31(2) of the Act will be repealed and replaced with new laws which will, rather than making the unsigned contract “of no effect”, allow the owner to enforce any rights they have under the unsigned contract and remove the builder’s rights to any contractual entitlements under the unsigned contract. In other words, it will remain “of no effect” to the builder.

Will the builder still be entitled to payment with the proposed changes?

Unless the builder is not a registered building practitioner (which is discussed below), the builder is now entitled to recover money from the owner if VCAT is satisfied that:

1. There are exceptional circumstances, or that the builder would suffer significant hardship if the builder was unable to recover the money; and
2. It would not be unfair to the owner for the builder to recover the money.

While the proposed changes have not yet taken effect, and there are yet to be case laws established on this issue, it will certainly create more steps for the builder to recover the “fair and reasonable value” of the works from the owner if no signed written building contract exists.

What if the builder is not registered?

Sections 29(1) and (2) of the Act makes it an offence for a builder to enter into a “major domestic building contract” unless they are a registered building practitioner. A breach of this provision attracts a penalty of up to 2,500 penalty units (approximately \$508,775 as of March 2026).

Further, section 29(4) of the Act provides the owner with a right to recover, as a debt due, any amounts paid to an unregistered builder.

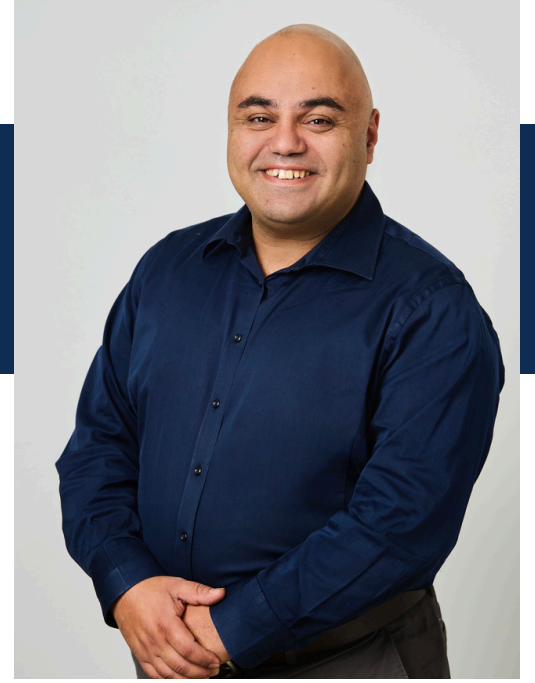
If the owner brings such a claim, the builder may still seek payment for the “fair and reasonable value” of the works. However, pursuant to section 29(3) of the Act, that amount cannot include any allowance for labour or profit.

Our building and construction lawyers have extensive experience in acting for both owners and builders in domestic building disputes, including proceedings before VCAT and the Courts. We understand the commercial realities of construction projects and provide clear, practical advice focused on achieving efficient and cost-effective outcomes.

If you are facing uncertainty about an unsigned contract, a payment dispute, defective works, or issues concerning registration, we invite you to contact our office to seek legal advice.

If you are already in dispute, early legal advice can materially affect the outcome. Strategic guidance at the outset can assist in preserving evidence, framing claims correctly, and maximising recovery or minimising exposure.





How Spectrum Coach Helps Small to Medium Builders Strengthen Their Sales, Systems, and Results

By Fred Abu-Elias

In an industry where margins are tight, competition is fierce, and client expectations continue to rise, small to medium-sized builders often find themselves stretched between delivering quality homes and managing the complexity of sales, leads, and workflow. That's where Spectrum Coach steps in. Over the last five years, we've partnered with builders across Australia to transform the way they approach sales bringing structure, clarity, and consistency to a part of the business that is too often reactive or overlooked.

Our mission is simple: help builders build better businesses. And we do that by focusing on the one area that drives everything else sales.

Many builders have strong craftsmanship, great product, and a loyal client base, but lack the sales processes, follow-up discipline, and team structure needed to scale sustainably. Spectrum Coach bridges that gap. We work directly with builders and their sales teams to implement proven strategies, tighten up enquiry management, and create repeatable systems that turn leads into appointments and appointments into contracts.

Our approach is practical, hands-on, and tailored to the realities of the building industry. We don't believe in generic training or one-size-fits-all advice. Instead, we embed ourselves into the builder's world—reviewing their current processes, identifying gaps, and coaching their team through the behaviours that drive results. From lead handling and follow-up frameworks to appointment structure, forecasting, and workflow management, we help builders create a sales engine that is predictable, measurable, and scalable.

The impact speaks for itself. Over the past five years, we've helped builders increase their sales conversions, improve client experience, and gain control over their pipeline. Many of the businesses we've worked with have doubled their enquiry-to-appointment ratios, shortened their sales cycles, and built teams that operate with far more confidence and consistency. What once felt chaotic becomes clear. What once relied on "gut feel" becomes a structured process. And what once depended on one or two key people becomes a system the whole team can execute.

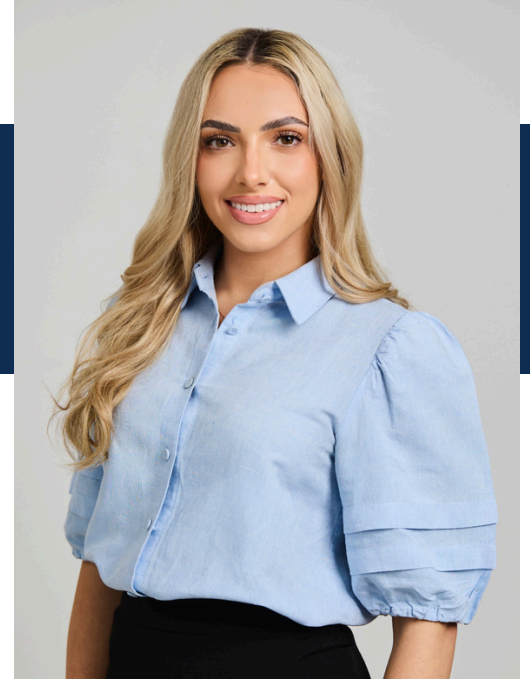
But our work goes beyond strategy. We coach the behaviours that matter how to communicate, how to follow up, how to build trust, and how to create a client journey that feels professional from the very first touchpoint. Builders often tell us that the biggest shift isn't just in their numbers, but in their culture. Their teams become more aligned, more accountable, and more motivated because they finally have clarity on what good looks like.

Spectrum Coach exists to give builders the tools, structure, and support they need to grow with confidence. Whether it's through one-on-one coaching, team training, on-site sessions, or ongoing support, we're committed to helping small to medium builders strengthen their sales foundations and build businesses that last.



Coercive Control and Parenting Arrangements: What Families Need to Know

By Hannah Smith & Alyssa Staropoli



Coercive control is a form of family violence that can be difficult to recognise, but its effects can be profound. It does not always involve physical assault or obvious threats. Instead, it often appears as a pattern of behaviour aimed at dominating, isolating or intimidating another person over time.

In parenting matters, coercive control is taken seriously. The family law system increasingly recognises that children can be harmed not only by direct abuse, but also by living in an environment shaped by fear, intimidation and control. Where these behaviours are present, they can affect the parenting arrangements a court ultimately considers both appropriate and in the best interest of children.

What is coercive control?

Coercive control refers to repeated behaviour used by one person to control another and limit their independence. Many people describe the experience as “walking on eggshells” or feeling that they have lost confidence in their own judgement.

Common examples include:

- monitoring a partner’s phone, messages, movements or social media;
- controlling access to money or requiring explanations for everyday spending;
- restricting contact with friends, family or work;
- threatening to take the children, harm pets, or damage a person’s reputation;
- withholding important documents such as passports or identification;
- belittling, humiliating or constantly criticising the other person; and
- manipulating events so that the victim feels confused, isolated or at fault.

Under the Family Law Act 1975 (Cth), family violence includes behaviour that is coercive, controlling or causes a person to fear for their safety or wellbeing. That means coercive control may be highly relevant in parenting disputes, even where there has been no physical violence.

Why coercive control matters in parenting matters

Parenting cases are determined by reference to the “best interests of the child”. In recent years, courts have become more aware of the way coercive control affects children and parenting capacity. This is important because coercive control often continues after separation. It may shift from controlling daily life within the relationship to controlling communication, handovers, school decisions, medical decisions or financial arrangements involving the children.

Where there is a history of coercive control, concerns can arise about:

- whether one parent can safely communicate with the other;
- whether shared decision-making is realistic;
- whether the child is being exposed to ongoing emotional harm;
- whether handovers or time arrangements create opportunities for intimidation; and
- whether the controlling behaviour is likely to continue through the parenting process.

In some matters, what appears on the surface to be “conflict” between parents may in fact be one parent exerting power over the other.

How coercive control affects children

Children do not need to be directly targeted to be affected. Living in a home where one parent is frightened, closely monitored or constantly undermined can have a significant impact on a child’s emotional wellbeing.

Children exposed to coercive control may:

- become anxious, withdrawn or fearful;
- feel responsible for keeping the peace;
- struggle at school or in social settings;
- become overly compliant or emotionally distressed; or
- copy controlling behaviours they observe.

The courts increasingly recognise that exposure to coercive control can itself amount to harm. This means that allegations of controlling behaviour may influence the type of parenting orders made, particularly where the behaviour affects the child’s sense of safety and stability.

How coercive control can influence parenting arrangements

Every family is different, and there is no single approach in matters involving family violence. However, where coercive control is established or strongly indicated, it may affect parenting arrangements in a number of ways.

For example, the court may consider whether:

- shared parental decision-making is appropriate;
- communication should occur only through written channels or parenting apps;
- changeovers should occur in neutral or public locations;
- one parent’s time with the child should be supervised or introduced gradually; and
- arrangements should be structured to reduce opportunities for further control or intimidation.

The key issue is whether the proposed arrangements are safe, workable and in the child’s best interests.

The challenge of proving coercive control

One of the difficulties with coercive control is that it often happens in private and builds up over time. Unlike physical violence, it may not leave visible injuries. As a result, the issue in many cases is not a single incident but a pattern of behaviour.

Material that can assist in showing that pattern may include:

- text messages, emails or social media communications;
- bank statements or financial records;
- diary notes or timelines of incidents;
- school, medical or counselling records;
- statements from family members, friends or other professionals; and
- evidence of changes in work, social contact or day-to-day independence.

The most persuasive material is usually evidence that is organised, specific and shows how the behaviour affected the parent and the child over time. Broad descriptions without examples are often less helpful than clear evidence of repeated conduct and its impact.

How the courts are responding

The Federal Circuit and Family Court of Australia now places strong emphasis on early identification of risk in parenting matters. This has led to greater attention being given to family violence allegations at the start of a case, including allegations of coercive control.

The court is also increasingly alert to the reality that victim-survivors may present as anxious, hesitant or inconsistent, particularly where they have been subjected to prolonged manipulation or intimidation. By contrast, a person using coercive control may appear calm and persuasive. A proper understanding of these dynamics is important in assessing the evidence fairly.

More broadly, there has been a clear shift away from looking only for isolated incidents of violence. Courts are placing greater weight on patterns of domination and on the practical effect those patterns have on parenting and child safety.

What families should keep in mind

For many people, coercive control is not immediately obvious. It may only become clear after separation, when attempts to control communication, finances or the children continue in new forms. Recognising those behaviours early can make a significant difference to how parenting arrangements are approached and how risk is identified.

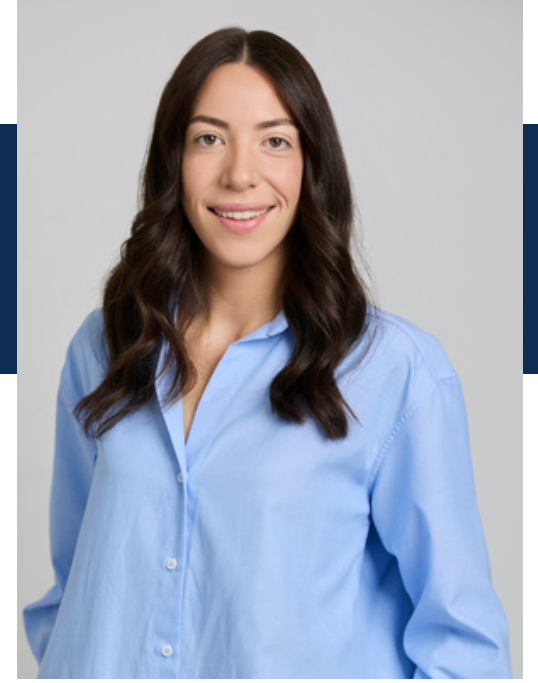
Where family violence is part of the background, parenting arrangements may need to be more structured than usual. That is not about punishing either parent. It is about promoting safety, reducing opportunities for continued abuse, and creating arrangements that support the child's wellbeing.

Final thoughts

Coercive control is now firmly recognised as a serious form of family violence in family law. It can affect a parent's ability to participate freely in decision-making, shape the evidence presented in court, and have lasting consequences for children exposed to it.

In parenting matters, the focus is not only on what has happened in the past, but on what arrangements will best protect the child and support their long-term welfare. Understanding coercive control is therefore essential to understanding what safe and appropriate parenting arrangements look like.





Owner-Builders and Selling a Property: A Few Practical Points

By Maria Fokianos

Owner-builder projects are relatively common in residential construction. In many cases the works are completed without issue. However, problems often arise later when the owner-builder sells the property and the purchaser alleges defects in the work.

Builders are sometimes asked to assess those works or become involved in rectification after the sale. When that happens, it is useful to understand how the law treats owner-builder work and what issues can affect a claim.

This article briefly outlines some of the key points that regularly arise.

When Owner-Builders Sell

Under the Building Act 1993 (Vic), additional requirements apply when an owner-builder sells a property.

If an owner-builder sells a property within 6 years and 6 months of completing domestic building work, they must obtain a defects inspection report before entering into a contract of sale. This is commonly referred to as a section 137B report.

The report must then be provided to the prospective purchaser, usually through the Section 32 Vendor Statement.

The purpose of the requirement is fairly straightforward. It is intended to give a purchaser an opportunity to understand whether there are any defects or incomplete works before deciding whether to proceed with the purchase.

Why the Timing of the Report Matters

In many disputes, an important issue is when the section 137B report was provided.

If the report was dated and disclosed to the purchaser before the contract of sale was signed, a tribunal may take the view that the purchaser entered into the contract with knowledge of the defects identified in that report.

This can become significant later if the purchaser tries to rely on those same defects as the basis of a claim.

Where the defects were already disclosed, the purchaser may face some difficulty arguing that they were unaware of the issues at the time they purchased the property.

Statutory Warranties Still Apply

Even where a section 137B report has been provided, owner-builders are not completely protected from claims.

Under section 137C of the Building Act 1993 (Vic), certain statutory warranties are automatically implied into the contract of sale when a property containing owner-builder work is sold within the relevant time period.

These warranties apply regardless of what the contract of sale says.

In general terms, the owner-builder warrants that the domestic building work was:

1. carried out in a proper and workmanlike manner;
2. completed in accordance with the law; and
3. suitable for occupation once finished.

If those warranties are breached, a purchaser may attempt to pursue a claim against the owner-builder.

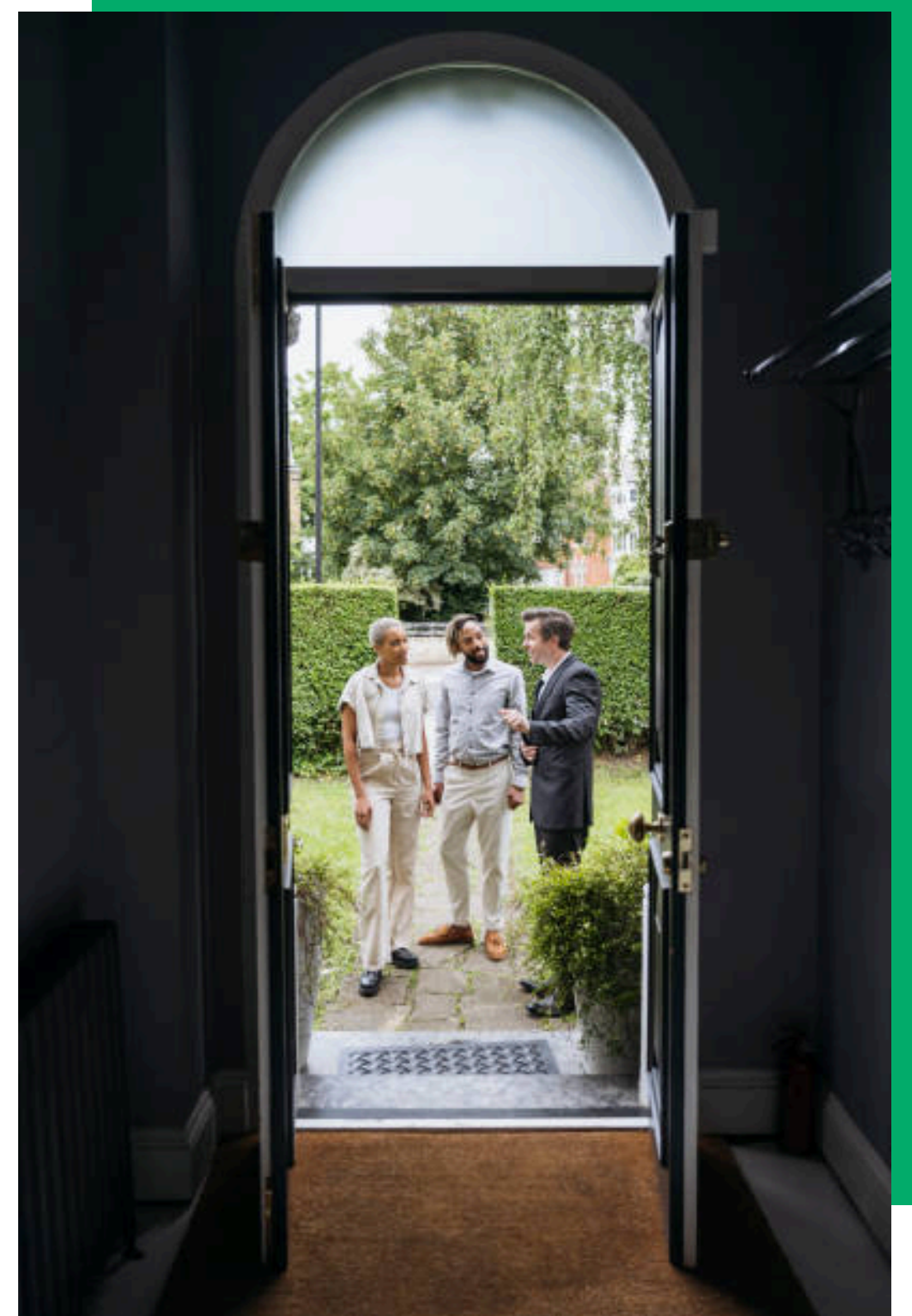
Patent Defects and Latent Defects

Another issue that often arises in these disputes is the difference between patent defects and latent defects.

A patent defect is one that is visible, or could reasonably be discovered during a normal pre-purchase inspection. For example, obvious cracking, incomplete finishes, or visible workmanship issues.

A latent defect, on the other hand, is hidden and may only become apparent sometime after the property has been purchased.

This distinction can be important. If a defect was obvious or could have been identified during a reasonable inspection, a tribunal may question why the purchaser proceeded with the purchase in the first place.



What This Means in Practice

Where defects are identified after settlement, disputes often come down to what the purchaser knew or ought to have known before they purchased the property.

If the section 137B report disclosed most of the issues later complained about, a tribunal may find that the purchaser was already on notice of those defects. In those circumstances, the purchaser's ability to rely on the statutory warranties may be limited in relation to those specific items.

That said, this does not automatically remove liability for an owner-builder. If the works are genuinely defective, a claim may still be possible. However, the presence of the report and the purchaser's prior knowledge can weaken the overall strength of the claim.

Owner-builder disputes often involve a combination of construction issues and consumer protection laws. For builders who are asked to assess works after a sale, it is worth remembering that the legal position is not always straightforward.

Documents such as the section 137B report, the Section 32 Vendor Statement, and any pre-purchase inspection reports often play a key role in determining where liability may fall.

As with most building disputes, the detail in the documentation and the timing of events can make all the difference.

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Building Stronger Law Firms and Businesses: Brand, Profitability, and Inclusive Leadership in Modern Practice

By Estelle Gatt

Introduction

On 20 February 2026, Estelle attended the Smokeball Conference in Sydney, where industry professionals gathered to discuss emerging trends and strategies shaping the future of legal practice. The conference explored several key topics relevant not only to law firms but also to other professional service businesses, including the role of branding and authenticity, the impact of artificial intelligence on client services, strategies for improving profitability, and the importance of inclusive leadership within organisations.

These discussions highlighted practical approaches that can benefit law firms as well as other businesses that rely on professional expertise, client relationships, and effective team management. In an environment defined by technological change, shifting client expectations, and increasing competition, organisations that adopt strategic business practices are better positioned to strengthen operations, improve client experiences, and achieve long-term growth.

Authentic Branding and Strategic Thinking

A clear and authentic brand plays a critical role in differentiating between both law firms and professional service businesses in competitive markets. Authenticity allows organisations to build recognition and trust, while a consistent brand identity reinforces credibility with clients and stakeholders.

Developing a strong brand also requires deliberate strategy. One recommended approach is the use of a structured “playbook” based on the principles of why, what, and how. This framework helps leaders align their strategic vision with operational decisions and ensures that organisations focus on long-term goals rather than becoming consumed by day-to-day tasks.

For partners, principals, and business leaders, regularly stepping back from operational work to reflect on strategic priorities can strengthen decision-making and support sustainable growth. By focusing on the broader purpose of the organisation and the outcomes delivered to clients, both law firms and other businesses can maintain a clear direction while adapting to industry changes.

Leveraging Technology to Enhance Client Experience

Technological developments particularly the rise of artificial intelligence are reshaping how professional services are delivered. Clients are increasingly using AI tools to gather information or generate documents before seeking professional advice. However, many still turn to professionals to review and verify these outputs due to uncertainty and the risk of errors.

This creates a significant opportunity for law firms and other advisory businesses to position themselves as trusted reviewers and strategic advisors who help de-risk client decisions. Rather than viewing AI solely as a threat, organisations can incorporate technology into their service delivery to improve efficiency and enhance client outcomes.

Importantly, clients are less concerned with internal systems or technologies used by a business than they are with the results achieved and the overall experience they receive. Creating an environment where clients feel valued, understood, and supported and can therefore become a key competitive advantage across many professional industries. Initiatives such as internal strategy sessions or collaborative “hackathons” can also help organisations explore emerging opportunities and better understand evolving client needs.

Improving Profitability Through Operational Discipline

Financial performance remains a common challenge for many small and medium-sized law firms and professional service businesses. Despite having consistent workloads, organisations often experience difficulties with profit and cash flow because internal systems and processes are not aligned with financial outcomes. As a result, many firms generate less revenue than their workload would otherwise allow.

Two key financial metrics can assist organisations in improving performance: the average rate and the revenue lock-up percentage. The average rate measures revenue billed against total paid hours, revealing the gap between perceived and actual hourly income. Revenue lock-up, which includes work in progress and debtors as a percentage of billed revenue, reflects how quickly businesses convert completed work into accessible cash flow. Lower lock-up percentages generally indicate stronger cash flow and healthier financial operations.

Improving these metrics often requires disciplined operational practices that can benefit a wide range of businesses. Encouraging consistent time recording, separating billing responsibilities from service providers, regularly reviewing cost estimates, and implementing structured cash management processes can significantly improve productivity and strengthen financial outcomes.

For law firms, shifting billing and collections responsibilities to finance or administrative staff can reduce revenue loss caused by discretionary billing decisions and improve payment timelines. Similarly, other professional service businesses can benefit from separating operational work from financial administration to ensure accurate invoicing and efficient revenue collection.



Inclusive Leadership as a Strategic Advantage

Beyond operational systems and technology, organisational culture also plays a crucial role in long-term success. Inclusive leadership where individuals feel respected, supported, and able to contribute authentically has become increasingly important within the legal profession and across professional industries.

Inclusive workplaces are built on respect, connection, contribution, and progressivity. When employees feel psychologically safe and supported, they are more likely to share ideas, collaborate effectively, and perform at their highest level. This is particularly relevant for organisations that bring together diverse teams, including individuals from different cultural backgrounds, generations, and professional experiences.

Leadership styles also influence workplace culture. Moving away from traditional command-and-control management toward coaching-based leadership can foster stronger relationships and rapport within teams. Regular communication, clear expectations, and ongoing check-ins can improve both productivity and staff wellbeing.

For law firms and businesses alike, inclusive workplaces provide tangible commercial benefits. Diverse teams are better positioned to understand the needs of a broad client base, adapt to change, and retain talented staff. These factors ultimately support long-term organisational stability, growth and resilience.

Conclusion

In an increasingly complex professional environment, law firms and other service-based businesses must look beyond technical expertise to achieve long-term success. Authentic branding, strategic leadership, disciplined financial management, and inclusive workplace cultures all contribute to stronger, diverse and more resilient organisations.

By embracing technology to enhance client experiences, refining internal systems to improve profitability, and fostering inclusive teams that reflect the diversity of modern clients, organisations can position themselves for sustainable growth. Firms and businesses that adopt these approaches will be better equipped to meet evolving client expectations, navigate industry change, and build practices that thrive well into the future.



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- Reviewing building contracts and advising on rights and obligations

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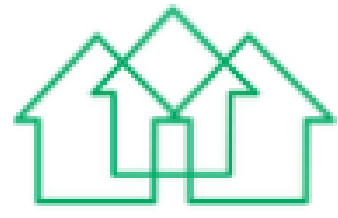


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