Victoria's New First Resort Home Warranty Scheme

Based on how the reforms are structured, here's where builders' attention and effort will pay off most:

1. Get ahead of the new "Minimum Financial Requirements" test
Eligibility for domestic building insurance is being replaced by a stand-alone financial requirements test that all registered domestic builders will need to satisfy, separate from simply holding insurance. Review your working capital, net tangible assets and balance sheet now, before the requirements are finalised through regulation, rather than scrambling once they're enforced.

2. Tighten documentation and defect control on every job
The Building and Plumbing Commission (the renamed VBA) gets stronger powers to issue rectification orders both before and after an occupancy permit is issued — and, critically, owners can claim on the new first-resort scheme without the builder needing to be insolvent, deceased or missing. Clean site records, compliance certificates and a documented quality process are your main defence against a rectification order and the cost-recovery action that can follow it.

3. Re-price for higher insurance and compliance costs
Because owners can now claim as soon as they identify a defect (not just after a builder disappears), claims volumes — and likely premiums or scheme levies — are expected to rise. Build this into quotes and fixed-price contracts now rather than absorbing it later on work already priced.

4. Understand the developer bond if you work on multi-unit projects
For buildings above three storeys, developers must lodge a bond (reported at 2–3% of build cost) with the regulator before an occupancy permit is granted, and rectification orders on apartment projects can now be issued against developers as well as builders. If you build for developers or are one yourself, factor this into project cash flow and payment scheduling.

5. Line up legal, insurance and finance advice before full commencement
Stage two of the scheme commences on a date to be proclaimed, or by 1 July 2026 at the latest. Builders have review rights through VCAT against rectification orders, but that process — and any cost-recovery dispute — takes time and money to run. Get advisors engaged now so you're not assembling a defence under pressure once the first order lands.

Worth noting: several of these (financial requirements, repricing, bond timing) directly affect cash flow and working capital — which is exactly the kind of pressure point flexible business finance is built to smooth over.

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