



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY
15th Assembly
LEGISLATIVE SCRUTINY COMMITTEE
Public Briefing Transcript

Inquiry into the Building Legislation Amendment (Fidelity Fund) Bill 2025

2.00 pm – 2.30 pm, Thursday 30 October 2025
Litchfield Room, Level 3, Parliament House

Members: Mrs Oly Carlson MLA, Chair, Member for Wanguri
Mr Andrew Mackay MLA, Deputy Chair, Member for Goyder
Justine Davis MLA, Member for Johnston
Mr Clinton Howe MLA, Member for Drysdale
Mr Chanston Paech MLA, Member for Gwoja

Witnesses: *Department of Lands, Planning and Environment*
Mr Mark Meldrum: Executive Director, Land Services
Ms Dawna Turner: Director, Land Services Reform

The committee convened at 2.04 pm.

INQUIRY INTO THE BUILDING LEGISLATION AMENDMENT (FIDELITY FUND) BILL 2025
Department of Lands, Planning and Environment

Madam CHAIR: On behalf of the committee, I welcome everyone to this public briefing into the Building Legislation Amendment (Fidelity Fund) Bill 2025.

I welcome to the table to give evidence to the committee from the Department of Lands, Planning and Environment Mr Mark Meldrum, Executive Director, Building Advisory Services; and Ms Dawna Turner, Director, Land Services Reform. Thank you for coming before the committee. We appreciate you taking time to speak to the committee and look forward to hearing from you today.

This is a formal proceeding of the committee and the protection of parliamentary privilege and the obligation not to mislead the committee apply. This is a public briefing and is being webcast through the Assembly's website. A transcript will be made for the use of the committee and may be put on the committee's website. If at any time during this briefing you are concerned that what you will say should not be made public, you may ask that the committee go into a closed session and take your evidence in private.

Could you please each state your name and the capacity in which you are appearing.

Mr MELDRUM: Mark Meldrum, Executive Director, Land Services, Department of Lands, Planning and Environment.

Ms TURNER: Dawna Turner, Director, Lands Services Reform, Department of Lands, Planning and Environment.

Madam CHAIR: Mr Meldrum, would you like to make an opening statement?

Mr MELDRUM: Thank you, Chair. I thank the committee for the opportunity to discuss the purpose and operation of the Bill and to assist in its inquiry and its report.

The Bill amends the *Building Act 1993* and the Building (RBI and Fidelity Fund Schemes) Regulations 2012. The purpose of the Bill is to enhance transparency and accountability in the operation of approved fidelity fund schemes.

Following the collapse of a number of builders in the residential market, consumer protection measures for people building a home were established in legislation in the Northern Territory in 2013. Key elements of these changes included regulated progress payments, consumer guarantees, a dispute resolution process and residential building insurance.

The legislation provides for residential building cover provided by either an insurer approved by the Minister for Lands, Planning and Environment to provide authorised residential building insurance cover or a fidelity fund scheme approved by the minister and managed in accordance with the scheme's trust deed.

A builder cannot carry out prescribed residential building work unless the builder has an authorised residential building insurance (RBI) policy issued by an approved insurer or a fidelity certificate issued by an approved fidelity fund scheme.

There is only one residential building cover scheme approved in the Northern Territory to protect people building a home—this is the Fidelity Fund NT. The fund provides consumer protection measures covering home owners against financial loss arising from defective or uncompleted residential building work, but only in circumstances where the builder responsible for the work has died, disappeared, become insolvent or lost registration. These are known as trigger events.

It is a last-resort scheme that operates as a not-for-profit trust which is separate to government. The scheme provides up to 20% of the contract price to a maximum of \$200,000 to transition to a new builder to complete the works. This covers the cost of changing contracts, building permits and the potential increase in costs associated with material and labour.

As the only provider of residential building cover in the Northern Territory, people building a home rely on the protection provided by the fund. The fund works to protect people from the financial and emotional damage of builders collapsing and leaving them with incomplete or defective homes. Residential builders are subject

to assessment of their assets and business capacity in order to determine the risk to consumers and the housing market.

This Bill forms part of a broader package of regulatory reforms and seeks to strengthen the oversight and governance of fidelity fund schemes. This is being done to restore industry and home owners' confidence in the protections provided by the fund and to ensure that the fund is delivering outcomes for Territorians.

Three key changes in the Bill currently before the Legislative Assembly are:

1. clarification of the minister's approval of the appointment of trustees and the process of approval, including revocation of approval
2. ministerial power to appoint a minister's observer
3. minister's ability to request information relevant to the broader operation of the fund and compliance with the Act and regulations.

In further detail, point 1, clarification of the minister's approval of the appointment of trustees: the trustees of the fund ensure that the fund operates in accordance with the legislation. Trustees must meet eligibility criteria to be appointed. Eligibility criteria are outlined in the regulations. The powers and duties of trustees are also outlined in the regulations.

While the legislation already provides for the minister to consider initial appointment of trustees when the fidelity fund is established and the scheme is approved, the legislation lacks clarity with regard to the appointment of new trustees for a scheme that is already operating. The legislation already requires that any changes to an approved scheme require approval by the minister. These amendments provide greater clarity regarding changes to trustees.

The proposed amendments improve oversight of appointments by requiring trustees to provide information to satisfy the minister that a proposed trustee meets the eligibility criteria before an appointment takes effect.

The amendments also clarify that the approval of a person's appointment as a trustee can be revoked if the person has contravened the Act, a regulation or another law in relation the scheme or prudential standards.

Point 2, ministerial power to appoint a minister's observer: the proposed amendment to allow for the appointment of a minister's observer formalises arrangements currently in place by agreement with the fund. This change provides a legislative basis for the informal arrangement currently in place. The role of an NT Government observer is to provide transparency and understanding of the operation of the fund. This change supports oversight of the fund to provide confidence that trustees are operating the fund in accordance with the legislation.

Point 3, minister's ability to request information relevant to the broader operation of the fund and compliance with the Act and regulations: the third key change broadens information that a minister can request from the fund. Currently, the minister can request information relevant to the scheme's ability to meet its liabilities and potential liabilities. The proposed amendment extends this to information relevant to the operation and management of the scheme. This change also supports oversight of the fund and provides for information relating to applications for certificates received and contracts or arrangements for services provided to the scheme to be requested by the minister.

Industry and community consultation was not undertaken in the development of the proposed amendments as they contain minor administrative efficiencies to support a good governance approach which directly relate to oversight of the fund. Consultation with government was undertaken with the representatives of the Department of Treasury and Finance and the Solicitor for the Northern Territory.

There have been ongoing discussions with the fund about ways to improve its efficiency and operation while still honouring its key function to protect consumers. This Bill forms part of a broader package of regulatory reforms and the fund has been briefed on amendments proposed in this Bill.

Additional changes to regulations are being progressed separately to this Bill to improve consumer protections relating to trigger events and time for making a claim. The fund and Consumer Affairs have been consulted in relation to those improvements to consumer protections.

The amendments proposed in the Bill will commence on the day after the Administrator's assent is declared.

Madam CHAIR: Thank you.

I will just introduce myself. My name is Oly Carlson, I am the Chair and the Member for Wanguri. Today here is Justine Davis, the Member for Johnston. Online we have Andrew Mackay, the Member for Goyder; Clinton Howe, the Member for Drysdale; and Chansey Paech, the Member for Gwoja.

I will open the floor for questions.

J DAVIS: Thank you for coming today.

I have a few questions. As you said, the intent of the Bill is to enhance transparency and accountability. You talked about the appointment of trustees and some changes around that under 54DBA. Given that the Bill introduces new requirements for ministerial approval of trustees, I wonder whether the regulations will require public disclosure of trustee identities, qualifications and appointment terms. If not, how is this legislation actually providing transparency in trustee appointments?

For some background, one of my constituents contacted me; they were very interested in this scheme. They wanted to make a submission to the inquiry. They requested the schedule of rates from the Fidelity Fund and got that very quickly. They then followed up and said, ‘Can I have information about the trustees?’ and that was not provided to them, and they were very concerned about that.

Mr MELDRUM: In answer to the first part, there are no regulations around the disclosure of the trustees. The Bill does not propose to make any changes to that. Yes, that is the short answer for those questions.

J DAVIS: Am I correct in understanding that the trustee identities are not publicly available?

Mr MELDRUM: That is correct; they are not publicly available.

J DAVIS: Is that in line with enhancing transparency and accountability?

Mr MELDRUM: That is the current Act and regulations. The Bill does not make any changes to that.

J DAVIS: Most of my questions are along those lines, so you may have similar answers. I have also been asked to ask about oversight or approval of trustee remuneration. I have been told that has increased from \$7,900 in 2018 to \$162,000 in 2024. It is a similar question—what safeguards and transparency exist? How does that enhance transparency and accountability for consumers if there is not any transparency about how those decisions are made?

Mr MELDRUM: Similar answer, Member for Johnston. There is nothing in the regulations that gives any indication of how the trustees are paid and under what remuneration package. It is entirely up to the trustees. The Bill does not propose any changes to that either.

J DAVIS: Obviously this is along the same lines. Currently on the website there is the capital management plan. There are no annual reports; no trustee information, as we said; no financial statements. Is there any intention—that is perhaps broader than talking about this legislative change. I can ask that in other briefings as well. Is there any intention to address that?

Mr MELDRUM: No, there are no requirements in the current legislation or proposed Bill to make those statements public. There is a requirement that the fund provide financial reports, the capital management plan and a range of other documents to the minister annually. The minister, with advice from Treasury and Finance, then makes a decision about compliance with the Act and regulations. We are going through that process at the moment for the last financial year because the fund has submitted their financials within the last month. Yes, it is probably not appropriate for me to talk in more detail than that. No, the Bill does not propose any changes to that.

J DAVIS: That is all my questions at this stage, thanks.

Mr HOWE: Coming back to the efficiencies, could you simply explain what we are doing in these amendments that will improve the efficiencies of the scheme?

Mr MELDRUM: The three changes are more for accountability and transparency than efficiency. As I mentioned, the minister’s approval of trustees is around transparency; the ministerial power to appoint

a minister's observer is also transparency; and the minister's ability to request information is also transparency.

Mr HOWE: If the minister is requesting information, what kind of information would they be requesting?

Mr MELDRUM: The Bill is limited to information that is required to ensure that the fund scheme is operating under the Act and regulations—compliance with the Act and regulations.

J DAVIS: Sorry, Mr Meldrum, I am confused. If the intent of those changes is to increase transparency and there is no transparency, how is this legislation actually increasing transparency?

Mr MELDRUM: I have just outlined the three things that go towards transparency that are not in the legislation now. These are changes to increase transparency across those broad three areas.

J DAVIS: So I understand, they are not transparency in the public space, however? Is that correct?

Mr MELDRUM: No, these three things are about the oversight and accountability of the fund meeting their obligations under legislation. I guess the appointment of an observer helps that by having someone who can understand how the fund is operating and some the risks that they are facing—might come up. Appointment of trustees is more that accountability and transparency of who is able to sit as a trustee.

J DAVIS: Transparent to who, Mr Meldrum?

Mr MELDRUM: To the minister. The minister has the ability to make changes to the trustees. That is currently there. This is adding another check and balance about the eligibility for a trustee when they are appointed to the trust.

Madam CHAIR: Any further questions?

Mr MACKAY: A quick one. How many trustees currently are there of the one fidelity fund operational in the Northern Territory? My understanding is, reading through this, this does not change any of the current trustees; they do not have to reapply or anything like that. Is that correct?

Mr MELDRUM: Yes, that is correct. There is a requirement under legislation to have five trustees, and the current fund has five trustees.

Madam CHAIR: There are no further questions. Mr Meldrum, would you like to make any closing statements?

Mr MELDRUM: No, thank you.

Madam CHAIR: Thank you for coming today before the committee.

The committee concluded.
