

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mr Maley to the Minister for Infrastructure, Planning and Logistics:

Fidelity Fund

- 1. How many Trustees are there of the Master Builders NT Fidelity Fund?**

5.

- 2. Who are the Trustees, when did they commence, what are their terms and conditions, and have any of the Trustees breached these terms and conditions?**

Please contact the NT Fidelity Fund directly regarding Trustee details. For each financial year since the establishment of the Fidelity Fund NT the Trustees have reported to the Minister annually as required under regulations.

The Trustees have not reported any breaches of the Compliance Plan, they have reviewed the Contingency Plan and have declared that the Fund can meet its liabilities and pay its debts as and when they fall due.

- 3. Please provide a copy of the Trust Deed of the Master Builders NT Fidelity Fund.**

Please contact the NT Fidelity Fund directly for this information.

- 4. Please provide a copy of the Memorandum of Agreement with the Master Builders Northern Territory Limited pertaining to the Master Builders NT Fidelity Fund.**

Please refer to Page 7.

- 5. How many Fidelity certificates have been issued in each financial year commencing 2016 to 2023 inclusive?**

Please refer to Page 7.

- 6. How many certificates by classification have been issued each financial year commencing 2016 to 2023 inclusive?**

A. New houses?

- B. New units?**
- C. Extensions?**
- D. New duplexes?**
- E. New triplexes?**
- F. Other?**

Please refer to Page 7.

7. **How many Fidelity certificates have been issued in the last 3 financial years, split by month?**

Please refer to Page 7.

8. **What is the quantum of fees from fidelity certificates received by the Master Builders NT Fidelity Fund, split by year from 1 January 2013 to 30 June 2023?**

Please refer to Page 7.

9. **How much has been paid to Master Builders Association NT / Master Builders Northern Territory Limited to manage the Master Builders NT Fidelity Fund, split by year from 1 January 2013 to 30 June 2023?**

The NT Fidelity Fund is a not for profit trust set up to protect consumers in the residential building sector.

10. **Have the Trustees notified the Minister of any breach of the compliance plan that will have a material adverse effect on the scheme?**

For each financial year since the establishment of the Fidelity Fund NT the Trustees have reported to the Minister annually as required under regulations.

The Trustees have not reported any breaches of the Compliance Plan, they have reviewed the Contingency Plan and have declared that the Fund can meet its liabilities and pay its debts as and when they fall due.

11. **The *Building (RBI and Fidelity Fund Schemes) Regulations 2012, 79(5)*, requires the trustees must make the capital management plan available to the public as soon as practicable after it is approved;**

- A. Has the Minister approved the initial and subsequent capital management plans and; if so, what were the dates of these approvals?**

The Fidelity Fund Trustees are required under Regulation 92 of the Building (RBI and Fidelity Fund Schemes) Regulations 2012 to give the

Minister documents comprising the annual reporting of the Fidelity Fund NT within 90 days after the end of the financial year.

- B. When have the trustees made the capital management plans available to the public and the media, of these publication releases and the location that they may be retrieved from by the public?**

Please refer to Page 7.

- 12. Has the Minister been notified, from 1 January 2013 to 30 June 2023 inclusive, that the value of the net tangible assets held in the scheme has fallen below the minimum value? And what action has been taken to remedy this situation?**

For each financial year since the establishment of the Fidelity Fund NT the Trustees have reported to the Minister annually as required under regulations. They have declared that the Fund can meet its liabilities and pay its debts as and when they fall due.

- 13. Is the Northern Territory Government still fully guaranteeing any short fall in fund claims of the Master Builders NT Fidelity Fund?**

The NT Government underwrites the NT Fidelity Fund.

- 14. When will Master Builders NT Fidelity Fund repay the loan received from the Department (DIPL), noting that there was an extension at the end of the first 5 years for another 5 years?**

The Fidelity Fund Trustees are required under Regulation 92 of the Building (RBI and Fidelity Fund Schemes) Regulations 2012 to give the Minister documents comprising the annual reporting of the Fidelity Fund NT within 90 days after the end of the financial year. The day to day management of the Fund sits with the Master Builders Association of the NT.

- 15. Will there be another extension to the loan by the Department (DIPL) to the Master Builders NT Fidelity Fund? Will this extension require additional funds to be injected into the Master Builders NT Fidelity Fund?**

Please refer to Page 7.

- 16. How many Fidelity certificates have been rejected in the last 24 months, split by month?**

Please refer to Page 7.

17. **Have justifiable reasons been provided to builders who have had their Fidelity certificate applications rejected?**

Please refer to Page 7.

18. **Have builders been informed of circumstance in the financial year 2023, that they would not be issued further fidelity certificates, even in circumstances where they were below their approved level of cover?**

Please refer to Page 7.

19. **Do the Trustees utilise a matrix or standard assessment criteria when assessing Fidelity certificate applications, and are applicants aware of these parameters?**

Fidelity certificate risk assessments are undertaken by a third party, illion.

20. **Will the introduction of the new requirements from 1 October 2023; applications for building permits for new homes to meet the National Construction Code liveable housing design requirements, be responsible for impacting on the issuance of fidelity certificates from March 2023 onwards?**

Please refer to Page 7.

21. **How many building businesses have closed voluntarily or otherwise in the Territory in the last financial year?**

This information could be obtained via personal research.

22. **How many builders have been assessed at risk when making an application of a fidelity certificate, have these risks been notified to the builder, in the last financial year?**

Please refer to Page 7.

23. **How many builders have sought a second assessment, at their cost, and received confirmation of the initial assessment, and those who have received an alternative assessment outcome in the last financial year?**

Please refer to Page 7.

24. **Of those who have received an alternative assessment, how many builders have been issued with a fidelity certificate based on the second assessment?**

Please refer to Page 7.

25. **An initial assessment is undertaken by illion which provide a business risk rating BRR. What BBR will ensure that a builder will be successful in their application for a fidelity certificate?**

Please refer to Page 7.

26. **Does the second assessor use the exact same assessment process as illion?**

Please refer to Page 7.

27. **Do the trustees or others make any further assessment, above that of the external assessors, when considering the granting of fidelity certificates?**

Please refer to Page 7.

28. **How many customers of builders have been adversely impacted by the non-issuance of Fidelity certificates:**

- A. **Paying rent and facing rent increases, and at the same time paying a mortgage on land?**
- B. **Risk breaching developer requirements due to the lack of construction within agreed timeframes?**

Please refer to Page 7.

29. **How will you guarantee that customers will not be disadvantaged by the decisions relating to the non-issuance of fidelity certificates?**

The NT Fidelity Fund is administered by the Master Builders Association NT, with third party risk assessment undertaken by illion. The issuing of certificates is a matter for the Fund.

30. **What is the difference in value, between the approved level of cover for all builders and the value of fidelity certificates issue, split by month for the period 1 January 2022 to 31 July 2023 inclusive?**

Please refer to Page 7.

31. **What was the maximum value of certificates able to be issued, with respect to the actuarial report, for the 21/22, 22/23 and current financial years?**

Please refer to Page 7.

32. **Has the management and administration of the fund contributed to the reduction in the number or value of certificates able to be issued?**

Please refer to Page 7.

33. **Has the Fund sought reinsurance or underwriting from someone other than the NTA? If so, who?**

Please see response to Question 13.

34. **Does the fund afford natural justice and due process to all builders who apply to the fund?**

Please refer to Page 7.

35. **If so, by what mechanism does the Fund provide applicants the ability to seek a review of decisions made?**

Please refer to Page 7.

36. **Has the fund, in each year since inception, fully complied with their reporting requirements to the Minister?**

Please refer to Page 7.

37. **Will the Minister make those reports issued available to the public?**

The day to day management of the Fund is a matter for the Master Builders Association NT – please contact them directly regarding queries related to annual reporting.

38. **Is the Minister aware that multiple Trustees and the Secretary have contracted their own companies to provide services to the Fund?**

Please refer to Page 7.

39. **Has the Minister been made aware of any actual or perceived conflicts of interest in this respect as required by the Regulations?**

Please refer to Page 7.

40. **If so, how are these managed in line with the requirements set out in the Regulations?**

The day to day management of the Fund is a matter for the Master Builders Association NT.

41. **Is the Minister confident that any actual or perceived conflicts of interest are in keeping with the public's expectation given Tax Payer funds are involved?**

Please refer to Page 7.

42. **Is the Fund restricted in the number, or value of, certificates able to be issued by virtue of the underwriting, or its own financial situation?**

Please see response to Question 12.

43. **Does the fund act in accordance with the Building Regulations with regards to making the Capital Management Plan available to the public each year?**

Please refer to 'Response to Questions 43-44' below.

44. **If so, why has it never released this and upon request, refuses to?**

Please refer to 'Response to Questions 43-44' below

Response to Questions 4-8, 11B, 16-18, 22-26 and 30-31

Please see response to Question 3.

Response to Questions 20 and 27-28

Please see response to Question 19

Response to Questions 36-39 and 41

Please see response to Question 10.

Response to Questions 32 and 34-35

Please see response to Question 29.

Response to Questions 43-44

Please see response to Question 40.