



## LEGISLATIVE ASSEMBLY FOR THE AUSTRALIAN CAPITAL TERRITORY

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### SELECT COMMITTEE ON ESTIMATES 2022-2023

Mr James Milligan MLA (Chair), Mr Andrew Braddock MLA (Deputy Chair),  
Dr Marisa Paterson MLA

### ANSWER TO QUESTION TAKEN ON NOTICE DURING PUBLIC HEARINGS

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Asked by Marisa Paterson MLA on 2 September 2022: Ms Rebecca Vassarotti MLA took on notice the following question(s):

Ref: Uncorrected Proof Transcript 2 September 2022

In relation to: Master Builders Program

**DR PATERSON:** Is there any specification in the legislation that X amount of dollars goes to the skills development program that sits underneath the Master Builders Fidelity—

**Mr Bennett:** I do not know that detail, so I will have to check in on that and come back to you.

**Ms Vassarotti:** We can take that question on notice. There certainly have been some funds from the fidelity fund that have gone to the training agency, but we will take that question on notice.

**DR PATERSON:** I would like to know what percentage goes each year.

**REBECCA VASSAROTTI MLA: The answer to the Member's question is as follows: –**

The *Building Act 2004* (Act) (the Act) establishes the regulatory settings for residential building insurance. Insurance is provided either by an authorised insurer, being a body corporate authorised to carry on insurance business under the *Insurance Act 1973* (Cth), or through an approved fidelity fund scheme. The fidelity fund scheme was established in response to difficulties that exist in obtaining residential building insurance through the traditional insurance market.

An approved fidelity fund scheme is, and operates as, a wholly private sector commercial business, in competition with the insurance industry. It is not a government business enterprise or agency. An approved scheme provides limited insurance-like coverage for certain issues relating to residential building work.

At present the only approved fidelity fund scheme is the Master Builders' Fidelity Fund. The [Building \(Master Builders Fidelity Fund Assets\) Determination 2009](#) approves the application of assets of the Master Builders Fidelity Fund to the MBA Skills Centre Building Fund where the following criteria is met:

- the assets to be applied must be surplus to the solvency requirements of the fidelity fund; and
- the application of the assets be for the dominant purpose of providing essential and pre-emptive risk management activities; including but not limited to apprenticeship training under the auspices of the MBA Skills Centre, to protect the assets of the fidelity fund.

There is no specification for an annual percentage provision. The allowed transfer of assets from the fidelity fund to the MBA Skills Centre is consistent with the governance frameworks for the fidelity fund (approval criteria, trust deed and prudential standards) which acknowledges that improving skills training reduces building quality issues, reducing the need for payments from the fidelity fund.

Approved for circulation to the Select Committee on Estimates 2022-2023

Signature: 

Date: 9/9/2022

By the Minister for Sustainable Building and Construction, Rebecca Vassarotti MLA