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CHAIRS' WELCOME

Welcome to the first newsletter of the Master Builders Fidelity Fund. The Funds' Trustees hope that you find this and future editions to be both useful and informative.

Our goal is to share with you how the Fund is operating, as well as what initiatives we are taking in providing consumer protection in our industry. Your feedback will always be welcome and you can do that by calling or by sending through an email.

Dick Guit - Chair

BACK TO BASICS

The Master Builders Fidelity Fund is a **Not-for-Profit Trust**, established under a Trust Deed approved by the Minister.

The arrangements in that Deed are mostly prescribed by the Building Act and the Regulations.

The Trust has 6 Trustees who were appointed by the Minister last December, and they are:

- Dick Guit;
- Charles Wright;
- Leon Loganathan;
- John Brears;
- Deven Patel; and,
- Karl Tester

Trustees are required to meet the prudential standards set out in the Act. The money of the Fund is used to meet costs and the rest is retained as reserves. Reserves are there to pay claims and when adequate, funds can also be used for industry development activities (i.e. training).

FIDELITY FUNDS VERSUS INSURANCE

There is a common misunderstanding that the Fidelity Fund is offering an insurance product to consumers.

While this is understandable, it is important to be clear about the differences.

The Fidelity Fund provides Certificates to consumers in return for a contribution from them, which goes into the Funds' pool. It is a shared risk pool from where any claims are then paid out. The Actuary advises Trustees on how to price those contributions. Fidelity Funds invest heavily in prevention, hoping to prevent claims, not just because it saves money – but because the best form of consumer protection is to prevent failures from occurring in the first place.

Insurance is different. The goal is to charge more than the anticipated claims for the year and to distribute the remaining profits to shareholders. Insurance companies mostly invest in claims management – to manage costs after an event has occurred.

INTERESTING FACTS

In the first 6 months of operations, the Fund has:

- Approved **280 builders**;
- Issued **615 Certificates**; and,
- Is now covering property worth **\$226m**.

TRUST TEAM

The model for the Fidelity Fund draws on more than a decades experience with a similar Fund in the ACT. It employs a lean structure designed to keep overheads to a minimum.

The Fund has no staff, only Trustees. All services are contracted out to key specialists. That team of specialists includes:

Actuary	Robert Buchanan Consulting
Assessor	Index Ratings
Auditor	BDO (NT)
Admin	MBA NT
Comm's	Michels Warren Munday
Project	Territory Economics
M'ment	