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DON'T DO A U-TURN ON CONSUMER PROTECTION

The Master Builders Association of the Northern Territory today expressed concern at moves to roll back building reforms designed to protect consumers.

“The Government is being lobbied to get rid of the Residential Building Cover package introduced at the beginning of the year and go back to the old Home Building Certification Fund scheme that provided only limited cover,” Executive Director of the Master Builders Association of the NT, Graham Kemp said.

“The Home Builders Certification Fund covered only structural failures and provided no protection against builders’ failure to complete homes,” Mr Kemp said.

“Over the years in the Territory we have seen a regular stream of builders going bust, leaving desperate families wondering how to finish their homes.

“In the past four years, at least eight builders went belly up in the Territory, leaving dozens of families with unfinished homes,” he said.

“Now we are seeing a campaign, that seems to be based on a fair bit of misinformation, putting pressure on the Government to roll back its own reform,” he said.

The package of Residential Building Cover reforms includes a mediation process through the Department of Consumer Affairs if home builders are unable to resolve disputes with builders and the Master Builders Fidelity Fund that provides cover should builders die, be declared bankrupt or disappear.

The Master Builders Fidelity Fund is a not-for-profit scheme administered by a Board of Trustees, unlike many of the commercial insurance schemes that operate with mixed success interstate, Mr Kemp said.

The Fidelity Fund ensures builders have the financial capacity and experience to do the work they are taking on, and issues a Fidelity Cover certificate that is paid for by the home owner. The certificate provides up to \$200,000 worth of cover if their builder dies, disappears or goes broke and covers structural defects for six years.

Other measures in the reform package include limits on deposits. Progress payments can be made only on the completion of work.

Mr Kemp said a number of builders were now lobbying government to roll back the reforms.

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“The Minister, Peter Chandler, has responded by announcing a review, just five months into the new Fidelity Fund’s operations,” Mr Kemp said.

“We are more than happy to contribute in good faith to the review and discuss with our members any ideas for improving the scheme, but we believe the Fidelity Fund is working well,” he said. “More than 400 homes are covered and 250 builders have applied for cover.”

Mr Kemp said the Fidelity Fund has a focus on prevention.

“Many builders get into trouble because of cash flow problems. Their finances and experience are now checked to reduce the chances of their over-extending.

“We have a compliance auditor who does random checks of construction sites to see that work has started as scheduled and that houses are being built in accordance with their Certificates,” he says.

“For most people, building a home is a daunting experience. It is one of the least frequent but most costly purchases they will ever make.

“If we can build trust between consumers and builders, by giving them greater peace of mind that their home will be completed, we are also building confidence in the construction industry,” he said.

For more information on how the reforms protect consumers, go to www.fidelityfundnt.com.au

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