

2007-08 Highlights

- Reviewed the initial investment strategy and implemented short to medium term opportunities that support the ongoing financial viability of the scheme within the current global market climate.
- Finalised a strategic framework that supports the effective and efficient administration of the scheme.
- Contributions received from levy payers exceeded \$7.9 million as a result of a continued high level of activity in the construction sector.
- Implemented revised operational practices that increased levy compliance and minimised administrative costs.
- Recorded total registrations of 9241 workers, 219 employers and made benefit payments to 71 workers.
- Developed a closer working relationship with major investors in the development and resource industries.

About NT Build

NT Build is a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act* (the CILSLB Act) which came into effect on 1 July 2005.

The establishment of the scheme in the Northern Territory completes a network of similar schemes in all Australian jurisdictions. The Territory construction industry and its employees are therefore no longer at a disadvantage in respect of this form of benefit.

The scheme is administered by a Board, called NT Build, which comprises an independent Chairperson, an NT Treasury nominee and four industry members.

The scheme, including staffing and operational expenses, is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings.

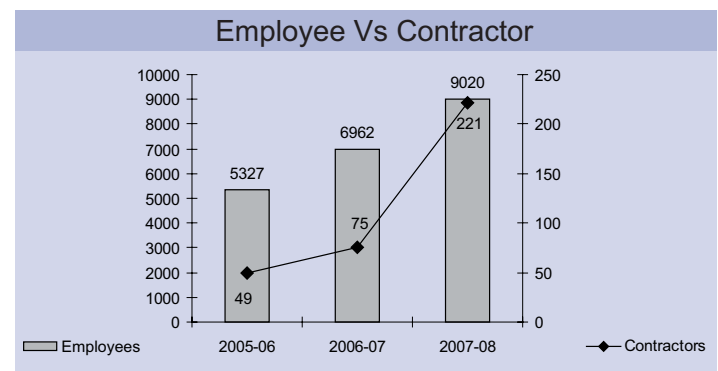
This revenue is used to fund payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory.

Statistical Highlights

Worker registration numbers

While the long-term forecast for numbers of worker registrations in the Northern Territory was estimated to be approximately 5000, membership numbers continue to grow at a steady rate.

As shown in the table and diagram below, the total number of worker registrations recorded by the scheme reflected an overall increase of 2204 when compared to the previous reporting period. This variance consisted of 2058 employees and 146 labour-only contractors.



Benefit payments

During the reporting period 71 claims for long service leave benefits were received. These claims resulted in a total gross benefit payments expense of approximately \$105,000 in respect of work performed in the Northern Territory. The ability to recognise service credits and make benefit payments during these early years of the scheme's operation is a result of the Territory scheme being a party to the National Reciprocal Agreement.

| Benefit Claims | June 06 | June 07 | June 08 |
|----------------------------------|-----------|-----------|-----------|
| Lodged through interstate scheme | 7 | 24 | 50 |
| Lodged through NT Build | 4 | 22 | 21 |
| Total claims lodged | 11 | 46 | 71 |

Age profile

| | June 06 | June 07 | June 08 |
|-------------|---------|---------|---------|
| Average age | 38 | 39 | 39 |
| Oldest | 72 | 73 | 74 |
| Youngest | 16 | 15 | 14 |

Days of service

| | * Jan 2005 - June 2006 | July 2006 - June 2007 | July 2007 - June 2008 |
|------------------------------|------------------------|-----------------------|-----------------------|
| Total estimated service days | 1 M | 1.5 M | 2.6 M |
| Average per worker | 192 | 209 | 278 |

*includes the additional pre commencement period for workers registered by 30 June 2006

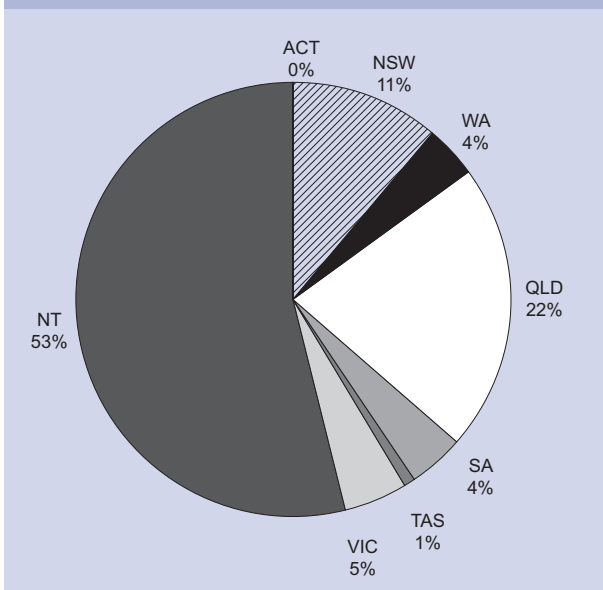
Scheme demographic

The continued success of the scheme in terms of providing benefits to local Territory private sector construction workers and in attracting skilled workers to the Territory is evidenced by the following table and diagram which shows that more half of the registered workers are Territory residents.

Table: No. of workers by contact location

| | 2005-06 | 2006-07 | 2007-08 |
|--------------|-------------|-------------|-------------|
| ACT | 4 | 7 | 10 |
| NSW | 649 | 824 | 1025 |
| NT | 2619 | 3579 | 4970 |
| QLD | 1463 | 1751 | 1991 |
| SA | 236 | 291 | 383 |
| TAS | 35 | 47 | 64 |
| VIC | 189 | 270 | 438 |
| WA | 181 | 268 | 360 |
| Total | 5376 | 7037 | 9241 |

Diagram: Percentage of workers by contact location - 2007/08



Employer registration numbers

Eligible employers are identified through either self registration or by notification on a worker registration form.

| Employer Registrations | June 06 | June 07 | June 08 |
|------------------------|---------|---------|---------|
| *Active Registrations | 192 | 204 | 219 |

* excludes previously registered employers who, at 30 June 2007, did not have any current registered workers in their employ.

Levy payment and compliance

| Total Levy Payer notifications | June 06 | June 07 | June 08 |
|--|---------|---------|---------|
| * Active levy payers who notified of leviable construction work | 62 | 167 | 278 |
| Total of invoices issued equating to a levy income (approximate) | \$3.2 M | \$5.3 M | \$7.9 M |

*includes payers who have notified of multiple projects undertaken.

Section 81(b) of the CILSLB Act empowers the Registrar to compel a person to provide any information relating to construction work on which the levy is or may be imposed.

Issuing of section 81(b) notices aims to streamline the administrative effort required to effect successful and timely prosecution of developers who choose not to fulfil their statutory obligation by notifying NT Build of the project commencement and paying the levy. A total of 26 notices were issued during the 2007-2008 reporting period, in comparison to the five (5) issued in the previous year.

The Board will continue to pursue compliance issues to ensure that the scheme is administered equitably.

Debt recovery

The engagement of debt collection agents is reserved for those instances where a levy payer, who has been issued an invoice by NT Build in relation to a levy amount owing, defaults on the payment of their levy obligation. In those instances, the matter is handed to a debt recovery agency for action.

During the 2007-2008 reporting period two levy payers were referred to debt collection agents for recovery action, resulting in the successful payment of outstanding levy money owed.

Actuarial Advice

Following an assessment of the scheme's estimated outstanding liability, the actuary recommended that a liability for accrued long service leave benefits of \$7.6 million be adopted for accounting purposes as at 30 June 2008. Accordingly, that provision has been disclosed on the balance sheet of the Board at 30 June 2008.

It is pleasing to note that, while the number of registered workers increased by more than 30% from the previous reporting period, the scheme's assets continue to exceed the estimated liabilities.

Investment of funds

The liabilities of NT Build will be, in the main, longer term and will predominantly be influenced by wage growth. Accordingly, in early 2007 the Board implemented an initial investment strategy which embraced a conservative balance of both growth and interest bearing assets. By the end of the 2006-2007 financial year a total of \$4.2 million had been invested with the scheme's principal Fund Manager (MLC Implemented Consulting - GWM Adviser Services) to cover the future liabilities of the scheme.

During this current reporting period the Board undertook regular reviews of its investment strategy, taking into account the scheme's overall investment performance and the volatile global investment climate.

As illustrated by the table below, by the end of this current reporting period a further \$3.9 million was invested with MLC Implemented Consulting - GWM Adviser Services and a total of \$2.8 million was invested with the Territory Insurance Office (TIO) in interest bearing term deposits.

| Fund Managers | 2005-06 | 2006-07 | 2007-08 | TOTAL |
|---------------|------------|----------------|----------------|-----------------|
| MLC (GWM) | \$0 | \$4.2 M | \$3.9 M | \$8.1 M |
| TIO | \$0 | \$0 | \$2.8 M | \$2.8 M |
| TOTAL | \$0 | \$4.2 M | \$6.7 M | \$10.9 M |

Corporate Governance

Board membership

The scheme is administered by a Government appointed Board consisting of:

- Barry Chambers - Independent Chairperson
- Tony Stubbin - NT Govt. Rep.
- Joe Gallagher - Employee organisation Rep.
- Alan Paton - Employee organisation Rep.
- Dick Guit - Employer organisation Rep.
- Graham Kemp - Employer organisation Rep.

Board decisions

In the course of a total of 26 meetings of the Board:

- 74 general items of business were resolved, covering a range of issues concerning governance, scheme administration and the financial and general operational management of NT Build; and
- Two new policy decision, which related to sponsorship and the revised weekly benefit level, was resolved during the financial year.

Communications And Marketing

Communications and marketing activities continued to play a significant role during the third year of operation of the scheme.

General activities undertaken

- Advertising in newspapers and relevant industry publications and directories;
- Maintenance of the NT Build website;
- Production of a range of targeted customer information bulletins and fact sheets; and
- Delivery of numerous formal and informal presentations to targeted customers, including conducting regional and local site visits and information sessions.

Industry consultation

Information sessions and briefings

During the reporting period NT Build staff provided a range of information and briefing sessions to construction industry organisations, such as:

1. Targeted presentations to employer and developer groups; and
2. Tailored on-site briefing sessions to employees, employers and developers.

Presentations to the Board

During the reporting period four organisations accepted an invitation to make a presentation to the Board on matters of interest to the effective administration of the scheme.

Liaison with other construction industry long service leave schemes

As a party to the National Reciprocal Agreement, NT Build continues to liaise with other state and territory construction industry long service leave schemes for the purpose of processing benefit claims lodged by registered workers.

In addition, NT Build participate in regular meetings with the chief executives and chairpersons of other schemes for the purpose of exchanging ideas on scheme coverage, administrative practices, legislation, investments, and information technology.

2008-2009 Priorities

- Finalise a strategic compliance audit framework that strengthens levy compliance and supports the effective and efficient administration of the scheme.
- Conduct actuarial review of the administration of the scheme, methods used in working out long service benefits, and the levy rate.
- Identify and implement suite of on-line and electronic business transaction services that improve processing interaction between stakeholder and NT Build.
- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.

Financial Statements For Year Ended 30 June 2008

The following financial data listed in the tables is based on audited accounts.

Income and expenditure statement

| | 2008 |
|---|-------------------------|
| | \$ |
| REVENUE | |
| Contributions from levy payers | 8,173,283 |
| Income from Investments | (713,669) |
| TOTAL REVENUE FROM ORDINARY ACTIVITIES | <u>7,459,615</u> |
| EXPENSES FROM ORDINARY ACTIVITIES | |
| Depreciation and Amortisation | 72,879 |
| Fees and allowances | 22,449 |
| Long service leave benefit payments | 198,841 |
| Long service scheme expense - current | 2,161,000 |
| Long service scheme expense - prior year | - |
| Occupancy costs | 80,165 |
| Employee expenses | 578,243 |
| Other expenses from ordinary activities | 316,642 |
| TOTAL EXPENSES FROM ORDINARY ACTIVITIES | <u>3,430,219</u> |
| Net surplus (deficit) | 4,029,396 |
| Net assets (liabilities) available for accrued benefits at beginning of the year | <u>1,169,370</u> |
| Net assets (liabilities) available for accrued benefits at end of the year | <u><u>5,198,766</u></u> |

Balance sheet

| | 2008 |
|--------------------------------------|--------------------------|
| | \$ |
| ASSETS | |
| Current assets | |
| Cash and cash equivalents | 3,210,058 |
| Trade and other receivables | 2,522,506 |
| Other financial assets - investments | 7,432,383 |
| TOTAL CURRENT ASSETS | <u>13,164,947</u> |
| Non-current assets | |
| Property, plant & equipment | 159,035 |
| TOTAL NON-CURRENT ASSETS | <u>159,035</u> |
| TOTAL ASSETS | <u><u>13,323,982</u></u> |
| LIABILITIES | |
| Current liabilities | |
| Trade and other payables | 207,350 |
| Provision for scheme liabilities | 195,000 |
| Financial liabilities | - |
| TOTAL CURRENT LIABILITIES | <u>402,350</u> |
| Non-current liabilities | |
| Provision for scheme liabilities | 7,426,000 |
| TOTAL NON-CURRENT LIABILITIES | <u>7,426,000</u> |
| TOTAL LIABILITIES | <u>7,828,350</u> |
| NET ASSETS | <u><u>5,470,364</u></u> |
| EQUITY | |
| Implementation Funding | 296,867 |
| Retained surplus | 5,198,766 |
| TOTAL EQUITY | <u><u>5,495,633</u></u> |

The complete set of audited financial statements and notes to and forming part of the financial statements for the year ended 30 June 2008 is published in the 2007-2008 Annual Report.

Contact Details

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