

### 2008-09 Highlights

- Monitored and reviewed the investment program and implemented short to medium term opportunities that supported the ongoing financial viability of the scheme within the volatile global financial climate.
- Finalised a strategic compliance audit framework that strengthens levy compliance and supports the effective and efficient administration of the scheme.
- Contributions received from levy payers exceeded \$11 million as a result of a continued high level of activity in the construction sector.
- Completion of an actuarial review of the scheme's administration, methods used in working out long service benefits, and the levy rate.
- Recorded total registrations of 11303 workers, 230 employers and made benefit payments to 94 workers.
- Welcomed two new members appointed to the board to replace out-going members.

### 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.

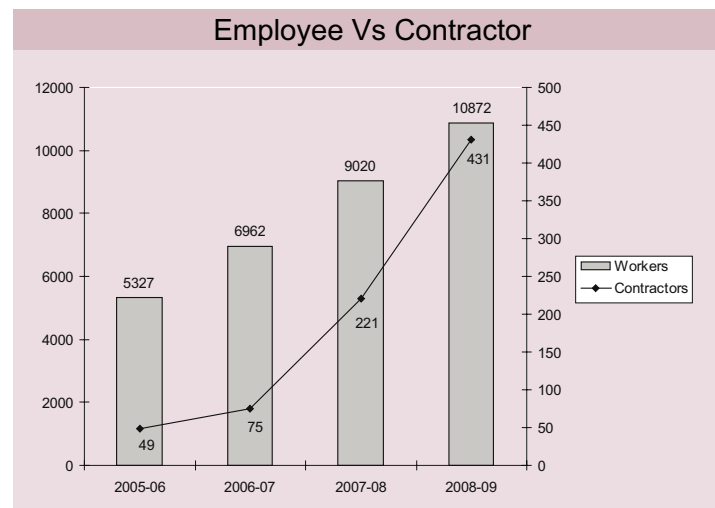
The scheme, including staffing and operational expenses, is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings.

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

As shown in the table and diagram below, the total number of worker registrations recorded by the scheme reflected an overall increase of 2062 when compared to the previous reporting period. This variance consisted of 1852 employees and 210 labour-only contractors.



#### Benefit rate

As illustrated below, the benefit rate for the payment of a credit is determined by the Board, reviewed annually (generally on 1 July) and applied to both workers and contractors.

2005-06	2006-07	2007-08	2008-09	2009-10
\$810 pw	\$841 pw	\$867 pw	\$927 pw	\$1022 pw

#### Benefit payments

During the reporting period 94 claims for long service leave benefits were received. These claims resulted in a total gross benefit payments expense of approximately \$139,000 in respect of work performed in the Northern Territory, an increase of approximately 32% compared to the previous reporting period.

Benefit Claims	June 06	June 07	June 08	June 09
Lodged interstate	7	24	50	60
Lodged NT Build	4	22	21	34
<b>Total claims lodged</b>	<b>11</b>	<b>46</b>	<b>71</b>	<b>94</b>

## Age profile

	June 06	June 07	June 08	June 09
Average age	38	39	39	40
Oldest	72	73	74	75
Youngest	16	15	14	15

## Days of service

	* June 2006	June 2007	June 2008	June 2009
Total estimated service days	1 M	1.5 M	2.6 M	3.25 M

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

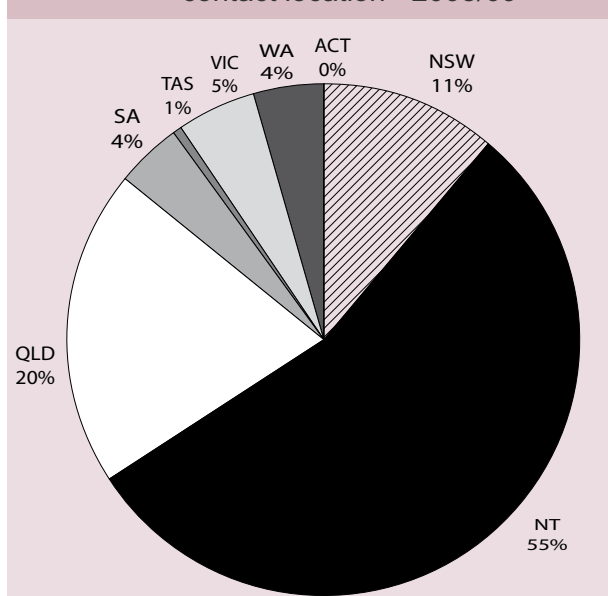
## Scheme demographic

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	2008-09
ACT	4	7	10	11
NSW	649	824	1025	1272
NT	2619	3579	4970	6172
QLD	1463	1751	1991	2273
SA	236	291	383	452
TAS	35	47	64	72
VIC	189	270	438	558
WA	181	268	360	493
<b>Total</b>	<b>5376</b>	<b>7037</b>	<b>9241</b>	<b>11303</b>

Diagram: Percentage of workers by contact location - 2008/09



## 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	June 09
*Active Registrations	192	204	219	230

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

Section 81(1)(a) of the CILSLB Act empowers the Registrar to compel a person who employs construction workers to provide any information relating to that employment. An employer who fails to comply could be prosecuted for failure to comply with the notice. One notice was issued during this reporting period - the first since the commencement of the scheme.

## Levy payment and compliance

Total Levy Payer notifications	June 2006	June 2007	June 2008	June 2009
* Active levy payers who notified of leviable construction work	62	167	278	176
Total of invoices issued equating to a levy income (approximate)	\$3.2M	\$5.3M	\$7.9M	\$11.8M

\*includes payers who have notified multiple projects undertaken of non-exempt leviable classifications.

Section 81(1)(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. A levy payer who fails to comply could be prosecuted for failure to comply with the notice. A total of 25 notices were issued during the 2008-2009 reporting period.

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

## Debt recovery

The use 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.

During the 2008-2009 reporting period three levy payers were referred to debt collection agents for recovery action. As at 30 June 2009 money owed had been successfully recovered from two payers and action to recover the levy from the remaining payer was in progress.

## Actuarial Advice

### Long service leave liability

The scheme's consulting actuary recommended that a liability for accrued long service leave benefits of \$13.6 million be adopted for accounting purposes as at 30 June 2009, an increase of \$6 million from the 30 June 2008 estimate of \$7.6 million.

### Section 91 actuarial review

An actuarial review of the scheme was undertaken during this reporting period encompassing the administration of the scheme, the methods used in working out long service benefits and the levy rate. The actuary's advice was also sought on options for adopting a variable threshold levy rate model, to accommodate unusually large scale construction projects and to examine the capacity to apply a short-term levy reduction.

In response to the actuaries findings the NT Government approved a 20% temporary reduction in the levy rate, from 0.5 to 0.4 per cent for two years. Legislative amendments to the CILSLB *Regulations* to put this reduction into effect from 1 July 2009 were finalised.

The NT Government also indicated its intention to introduce a \$1 billion threshold for the purpose of calculating the levy on large scale construction projects. The CILSLB Act is to be amended in late 2009 to give effect to this change.

## 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. Due to the volatile global investment climate, the Board undertook a review of its investment strategy in early 2008 and opted to diversify its investments into interest bearing term deposits with the Territory Insurance Office (TIO).

In early 2009 the Board chose to transfer further investment funds into interest bearing term deposits with Westpac, in addition to existing funds placed with TIO and MLC. While information regarding the performance of the scheme's invested funds is provided in the Financial Statements included in this report, the following table reflects the actual amount of cash funds transferred for investment.

Fund Managers	05-06	06-07	07-08	08-09	TOTAL
MLC (GWM)	-	\$4.2 M	\$3.9 M	-	\$8.1 M
TIO	-	-	\$2.8 M	\$4.3 M	\$7.1 M
WESTPAC	-	-	-	\$5.0 M	\$5.0 M
<b>TOTAL</b>	-	<b>\$4.2 M</b>	<b>\$6.7 M</b>	<b>\$9.3 M</b>	<b>\$20.2 M</b>

## Corporate Governance

### Board membership

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

- Barry Chambers - Independent Chairperson
- Tony Stubbin - NT Govt. Rep.
- Trevor Gauld - Employee organisation Rep.
- Bob Wade - Employee organisation Rep.
- Dick Guit - Employer organisation Rep.
- Graham Kemp - Employer organisation Rep.

### Board decisions

In the course of a total of 20 meetings of the Board:

- 72 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 decisions, which related to the revised weekly benefit level and strategic audit and compliance, was resolved during the financial year.

## Communications and Marketing

### General activities undertaken

- Advertising in newspapers and relevant industry publications and directories;
- Maintenance of the NT Build website; and
- Production of a range of targeted customer information bulletins and fact sheets.

### 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.

#### *Presentations to the Board*

During the reporting period six 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 participates 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.

## 2009-2010 Priorities

- Review the investment strategy and implement short to medium term opportunities that support the ongoing financial viability of the scheme within the current global market climate.
- Assess findings and implement recommendations contained in the report on actuarial review of the scheme.
- Identify and implement a suite of on-line and electronic business transaction services that improve processing interaction between stakeholder and NT Build.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.
- Successfully host the national conference of Construction Industry Long Service Leave Schemes.

## Financial Statements For Year Ended 30 June 2009

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

### Income statement

	2009
	\$
<b>REVENUE</b>	
Contributions from levy payers	11,848,410
Other income	(712,393)
<b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>	<u>11,136,017</u>
<b>EXPENSES FROM ORDINARY ACTIVITIES</b>	
Depreciation and Amortisation	70,606
Fees and allowances	40,075
Long service leave benefit payments	319,252
Long service scheme expense - current	5,982,000
Occupancy costs	75,578
Employee expenses	494,368
Other expenses from ordinary activities	340,941
<b>TOTAL EXPENSES FROM ORDINARY ACTIVITIES</b>	<u>7,322,821</u>
<b>Net surplus (deficit)</b>	3,813,196
<b>Net assets /(liabilities) available for accrued benefits at beginning of the year</b>	<u>5,198,766</u>
<b>Net assets /(liabilities) available for accrued benefits at end of the year</b>	<u><u>9,011,962</u></u>

## Balance sheet

	2009
	\$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	15,074,369
Trade and other receivables	1,517,640
Other financial assets - investments	6,303,654
<b>TOTAL CURRENT ASSETS</b>	<u>22,895,663</u>
<b>Non-current assets</b>	
Property, plant & equipment	88,429
<b>TOTAL NON-CURRENT ASSETS</b>	<u>88,429</u>
<b>TOTAL ASSETS</b>	<u><u>22,984,092</u></u>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	72,263
Provision for scheme liabilities	240,000
<b>TOTAL CURRENT LIABILITIES</b>	<u>312,263</u>
<b>Non-current liabilities</b>	
Provision for scheme liabilities	13,363,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>13,363,000</u>
<b>TOTAL LIABILITIES</b>	<u>13,675,263</u>
<b>NET ASSETS</b>	<u><u>9,308,829</u></u>
<b>EQUITY</b>	
Implementation Funding	296,867
Retained surplus	9,011,962
<b>TOTAL EQUITY</b>	<u><u>9,308,829</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 2009 is published in the

2008-2009 Annual Report.

## Contact Details

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