

2011-12 Highlights

- 25% reduction in the levy rate, from 0.4% to 0.3%, effective from 1 April 2012.
- Conducted second formal triennial actuarial review of the administration of the scheme, methods used in working out long service benefits and the levy rate.
- Continued to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Recorded approximately \$12 million in levy contributions (up by \$2.1 million from the previous reporting period).
- Continued to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.
- Recorded total active registrations of 10533 workers, 312 employers and made benefit payments to 148 workers at a cost of \$450 000.
- Minimised the impact of the global financial crisis on the scheme's financial assets through the continuation of a conservative investment strategy.

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. NT Build is administered by a board which comprises an independent Chairperson, a Ministerial nominee and four industry members.

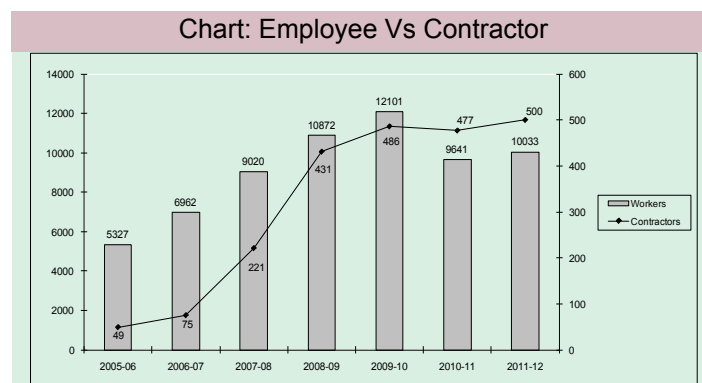
The NT Build scheme, including staffing and operational expenses, is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings. This revenue is used to fund payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory.

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.

Statistical Highlights

Worker registration numbers

As shown in the chart below the total number of active worker registrations recorded by the scheme reflected a slight increase of 415 on the numbers for the previous reporting period. This variance consists of 392 employees and 23 labour-only contractors.



As at 30 June 2012 a total of 5709 workers are currently deregistered from the NT Build scheme. As many of the deregistered workers may still be actively working in the industry interstate, it is anticipated that a significant proportion of the deregistered workers will have their NT service reinstated under the terms of the national portability agreement.

Benefit payments

During the 2011-12 reporting period 148 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately \$450 000 in respect of work performed in the Northern Territory, which was significantly more than the \$242 000 paid during the 2010-11 reporting period.

Benefit Claims	2008-09	2009-10	2010-11	2011-12
Lodged interstate	60	105	72	99
Lodged NT Build	34	48	47	49
Total claims	94	153	119	148

Benefit rate

As illustrated in the following table, 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.

Table: defined benefit rate

2008-09	2009-10	2010-11	2011-12	2012-13
\$927 pw	\$1022 pw	\$1076 pw	\$1136 pw	\$1151 pw

Age profile

	June 09	June 10	June 11	June 12
Average age	40	40	39	38
Oldest	75	80	81	77
Youngest	15	15	14	15

Days of service

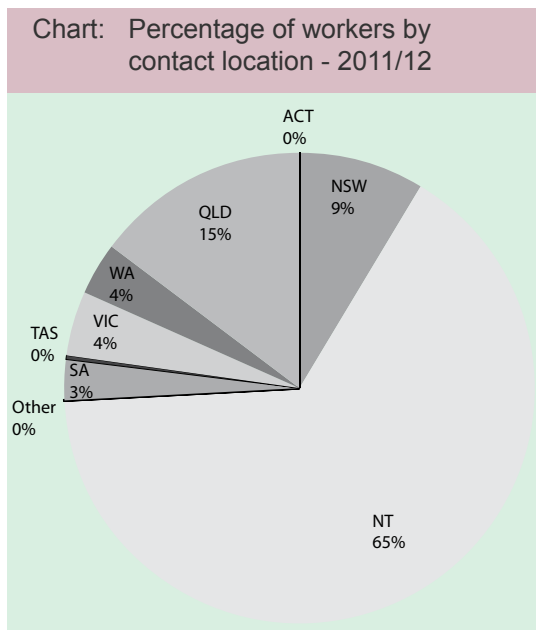
	June 2009	June 2010	June 2011	June 2012
Total estimated service days	3.25 M	3.24 M	4.35 M	5.12 M

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 almost two thirds of the registered workers are Territory residents.

Table: No. of workers by contact location

	2008-09	2009-10	2010-11	2011-12
ACT	11	13	11	11
NSW	1 272	1 364	885	903
NT	6 172	7 043	6 101	6 899
QLD	2 273	2 436	1 480	1 534
SA	452	481	289	286
TAS	72	72	38	35
VIC	558	615	473	471
WA	493	563	364	364
Other	-	-	-	14
Total	11 303	12 587	9 641	10 533



Employer registration numbers

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

	June 09	June 10	June 11	June 12
Registered Employers	230	238	256	312

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.

No notices were issued during this reporting period.

Levy payment and compliance

Contributions from Levy Payers	June 2009	June 2010	June 2011	June 2012
Total levy income # (approximate)	\$11.8M	\$8M	\$9.9M	\$12M *

#includes accrual of full levy amount where payment by an instalment plan has been granted.

*includes accrual of initial levy liability amount calculated in relation to the start of a major project.

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 15 notices were issued during the 2011-12 reporting period.

The Board continues 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 2011-12 reporting period four levy payers were referred to a debt collection agent for recovery action.

As at 30 June 2012 money owed had been successfully recovered from five payers - which included recovery of an outstanding levy payment from the 2010-11 reporting period.

Actuarial Advice

Long service leave liability

For accounting purposes as at 30 June 2012 the actuary recommended a liability for accrued long service leave benefits of \$28.5 million be adopted. This represents an increase of \$7.5 million from the 30 June 2011 estimate of \$20.9 million.

Section 91 actuarial review

A second triennial actuarial review of the scheme was undertaken during the 2011-12 reporting period.

In response to the actuaries findings the NT Government approved a 25% reduction in the levy rate, from 0.4% to 0.3% of leviabale activity effective from 1 April 2012.

The report on this triennial actuarial review also made note of the lower than anticipated level of participation by eligible workers in the scheme.

In support, the Board endorsed the development of a focused marketing program, to be implemented in late 2012 in the endeavour to promote the scheme and actively encourage the registration of all eligible workers in the Northern Territory construction industry.

Investment of funds

As the liabilities of NT Build will in the main be longer term, the accumulated funds are invested to ensure there will be sufficient funds to meet the scheme's liability in the longer term.

In the context of ongoing volatility and uncertainty in global and Australian financial markets, the Board determined that an investment strategy heavily biased towards secure cash investments remained appropriate for the 2011-12 reporting period. The Board therefore continued to investment through a combination of:

- direct cash investments with Westpac and TIO; and
- a multi-asset class, multi-manager fund provided by JANA Moderate Trust [formerly MLC(NCIT) Moderate Trust].

While information regarding the performance of the scheme's investments is provided in the Financial Statements included in this report, the following table reflects the actual amount invested.

Fund Managers	06-07	07-08	08-09	09-10	10-11	11-12	TOTAL
MLC/JANA	\$4.2M	\$3.9M	-	\$4.6M	\$4.7M	\$2.0M	\$19.7M
TIO	-	\$2.8M	\$4.3M	\$0.3M	\$1.0M	\$6.5M	\$14.9M
WESTPAC	-	-	\$5.0M	\$2.8M	-	-	\$7.8M
TOTAL	\$4.2M	\$6.7M	\$9.3M	\$8.0M	\$5.7M	\$8.5M	\$42.4M

Corporate Governance

Board membership

The scheme is administered by a Government appointed Board. Members as at 30 June 2011 consisted of:

- Barry Chambers - Independant Chairperson
- Tony Stubbin - Ministerial nominee.
- Michael Haire - Employee organisation Rep.
- Mick Huddy - Employee organisation Rep.
- Dick Guit - Employer organisation Rep.
- Graham Kemp - Employer organisation Rep.

Board decisions

In the course of a total of 18 meetings of the Board:

- 56 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
- One new policy decision, which related to the revised weekly benefit level, was resolved during this reporting period.

Communications and Marketing

General activities undertaken

- Advertising on Radio, 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.

2012-2013 Priorities

- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Conduct an administrative review of the Construction Industry Long Service Leave and Benefits legislation, including assessment of recommendations contained in actuarial review reports.
- Identify and implement a suite of on-line and electronic business transaction services that improve processing interaction between stakeholders and NT Build.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.
- Actively encourage the registration of all eligible workers.

Financial Statements For Year Ended 30 June 2012

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

Statement of comprehensive income

	2012
	\$
INCOME	
Contributions from levy payers	12 031 120
Other income - net	1 558 425
TOTAL INCOME	<u>13 589 545</u>
EXPENSES	
Depreciation and Amortisation	3 072
Fees and allowances	49 731
Long service leave benefit payments	574 129
Long service scheme expense - current	7 630 000
Occupancy costs	93 703
Employee expenses	710 551
Other expenses	612 053
TOTAL EXPENSES	<u>9 673 239</u>
NET SURPLUS	<u>3 916 306</u>
OTHER COMPREHENSIVE INCOME	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>3 916 306</u>

Statement of financial position

	2012
	\$
ASSETS	
Current assets	
Cash and cash equivalents	27 150 123
Trade and other receivables	6 045 618
Other financial assets - investments	20 283 218
TOTAL CURRENT ASSETS	<u>53 478 959</u>
Non-current assets	
Property, plant & equipment	11 529
TOTAL NON-CURRENT ASSETS	<u>11 529</u>
TOTAL ASSETS	<u><u>53 490 488</u></u>
LIABILITIES	
Current liabilities	
Trade and other payables	159 290
Provision for scheme liabilities	575 000
TOTAL CURRENT LIABILITIES	<u>734 290</u>
Non-current liabilities	
Provision for scheme liabilities	27 962 000
TOTAL NON-CURRENT LIABILITIES	<u>27 962 000</u>
TOTAL LIABILITIES	<u>28 696 290</u>
NET ASSETS	<u><u>24 794 198</u></u>
EQUITY	
Implementation Funding	296 867
Retained surplus	24 497 331
TOTAL EQUITY	<u><u>24 794 198</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 2012 is published in the 2011-12 Annual Report.

Contact Details

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