

2005-06 Highlights

- Opened for business at current premises in Charlton Court, Stuart Park on 1 July 2005, coinciding with the official start date of the portable long service leave scheme.
- Inclusion of the NT Build scheme in the National Reciprocal Agreement, signed by all state and territory Ministers responsible for portable long service leave – making long service leave for construction workers truly portable throughout Australia.
- Declared a general amnesty in May 2006 to allow developers, who had started a construction or maintenance project anywhere in the NT after 1 July 2005 (whether completed or not), to notify NT Build by 30 June 2006 of their projects and pay the levy without incurring extra interest penalties.
- Achieved at the completion of the first year of operation of the scheme total registrations of 5376 workers, 192 employers, and project notifications from 62 levy payers totalling approximately \$3.2 Million.

Establishment of NT Build

The *Construction Industry Long Service Leave and Benefits Act 2005* (the CILSLB Act) came into effect on 1 July 2005. The scheme was established by the NT Government for the benefit of the construction industry, enabling the Territory's building and construction workers to benefit from the introduction of a portable long service leave scheme.

The scheme, including staffing and operational expenses, is self funded through a levy on construction work undertaken in the Territory and investment earnings. NT Build is not an agency within the meaning of the *Financial Management Act* or the *Public Sector Employment and Management Act* and as such no general allocation of funding is provided through the Territory Budget.



Workers

Employee: *"If the Territory hadn't just introduced portable long service leave I wouldn't have moved here. I have now got 10 years service in three states and I can take an eight week holiday."*

- electrician Bob Horne.

Registration numbers

The long-term forecast for numbers of worker registrations in the Northern Territory was estimated to be approximately 5000. A total of 5376 worker registrations were recorded at the completion of the first year of operation of the scheme, consisting of 5327 employees and 49 labour-only contractors.

Benefit payments

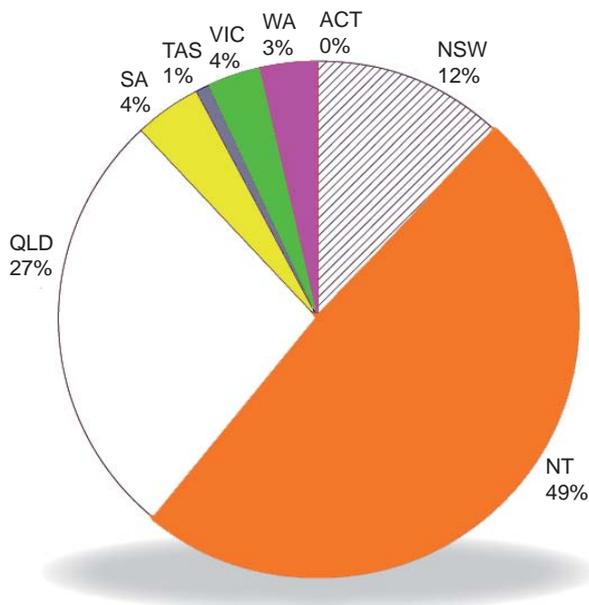
In the first year of the scheme's operation 11 claims for long service leave benefits were received, including two claims pending finalisation as at 30 June 2006. The claims finalised resulted in a total gross benefit payments expense of \$7699.05 in respect of work performed in the Northern Territory. The ability to recognise service credits and make benefit payments within this first year has been made possible due to the inclusion of the Territory in the National Reciprocal Agreement.

Statistical highlights

- *Average age*
The average age of Territory workers registered with the scheme at 30 June 2006 was 38.25, with the oldest being 72 and the youngest being 16.
- *Days of service reported*
There have been 1,033,255 days of service reported in respect of January 2005 to June 2006 (which includes the additional pre commencement period for workers registered by 30 June 2006), making an average of approximately 192 days per registered worker.
- *Scheme demographic of registered workers by nominated contact location*
The 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.

ACT	NSW	NT	QLD	
4	649	2619	1463	Total
SA	TAS	WA	VIC	
236	35	181	189	



Employers

Registration numbers

At the completion of the first year of operation of the scheme a total of 192 eligible employers were identified through either self registration or by notification on a worker registration form.

Employer: *"The portable long service leave scheme is long overdue. People are employed for as long as the job lasts, so you can work all your life and get nothing because you have had to move from job to job. We want to give employees the best we can and this is one way of giving people a bit extra. It is vital for employers to value their workers and long service leave is one way to do that."*

- Rob Pattermore, Pattermore Constructions Pty Ltd

Levy payers

The NT Build portable long service leave scheme has been established to provide long service leave benefits to construction workers in the Northern Territory. The scheme is funded by a levy on construction work and investment earnings.

NT Build *"...is an industry controlled and maintained fund. It is not a government tax. This revenue will not accrue to government."*

- Hon. Syd Stirling MLA, 9 February 2005

An initial levy rate of 0.5% was introduced based on actuarial estimates on the anticipated level of expenses and income for the scheme.

While there a liability for the scheme did accrue during the first year, no provision has been disclosed on the balance sheet of the Board at 30 June 2006 as the information at hand is not considered adequate to be able to reasonably estimate the level of the accrued liability for service in this first year.

Registered payers and projects

At the completion of the first year of operation of the scheme a total of 62 levy payers had notified NT Build of construction work to which the long service levy applied, resulting in the issuing of invoices equating to a levy income of approximately \$3.2 Million.

Interest penalty amnesty

In May 2006 the NT Build Board declared an amnesty on penalties against unpaid levies. The purpose of the general amnesty, which expired on 30 June 2006, was to allow developers, who had started a construction or maintenance project anywhere in the NT after 1 July 2005 (whether completed or not), to notify NT Build of their projects and pay the levy without incurring extra interest penalties.

As a result of the amnesty, 48 new notifications of leviable projects were lodged by developers by 30 June 2006.

Investment of funds

The liabilities of NT Build will be in the main longer term and will be influenced by wage growth. While the Board considers it appropriate to invest in both growth and interest bearing assets, no formal investments were made during the year ending 30 June 2006. During this first year, revenue raised from the payment of levies were held at bank, accruing normal interest.

Corporate governance

Board Membership

From 1 July 2005 the administration of the scheme was entrusted to the Government appointed statutory tripartite Board established under the *Construction Industry Long Service Leave and Benefits Act 2005*. The Board, called NT Build, consists of:

- Barry Chambers – Independent Chairperson
- Joe Gallagher – Employee Rep. (CFMEU nominee)
- Alan Paton – Employee Rep. (Unions NT nominee)
- Dick Guit – Employer Rep. (TCA nominee)
- Graham Kemp – Employer Rep. (HIA nominee)
- Tony Stubbin – NT Govt. Rep. (Treasury nominee)

Meetings

The first meeting of the Board was held on 1 July 2005, the day the scheme commenced operation.

During the first year of operation of the scheme the Board convened a total of 15 times and resolved 78 general items of business, covering a range of issues concerning; governance, scheme administration, and the financial and general operational management of NT Build.

Policy Decisions

The following four formal policy decisions of the Board were resolved during the financial year. These policies are intended as a guide to interpretation of specific provisions affecting the operation of the portable long service leave scheme. Copies of the policies are published on the website at: www.ntbuild.com.au

- Application of the levy to construction work
- Defining work start date for construction work
- Nature of construction work
- Weekly benefit level

Communications and marketing

Communications and marketing activities have played a significant role during the first year of operation of the scheme.

General activities undertaken

- Development and implementation of a communications strategy
- General radio and newspaper advertising campaign to raise public and industry awareness of the scheme
- Advertising in industry publications and directories
- Development and maintenance of the NT Build website
- Production of a range of targeted customer information sheets, including the *SiteAlert*, and fact sheets
- Issuing of media releases to highlight significant events or achievements
- 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, including:

- General presentations at industry forums;
- Targeted presentations to employer and developer groups; and

- Tailored on site briefing sessions to employees, employers and developers.

- *Presentations to the Board*

During the reporting period, nine organisations were invited to make presentations to the Board on matters of interest to the effective administration of the scheme.

- *Liaison with other construction industry long service leave schemes*

By agreement with all state and territory Ministers responsible for portable long service leave, the Northern Territory became party to the National Reciprocal Agreement, with an effective date of 1 July 2005.

The agreement ensures the mutual recognition of a period of service or qualifying service credited to a registered worker by another jurisdiction under a like construction industry long service leave scheme.

Key event

- Hosting of a Ministerial launch in December 2005, to officially open the office and celebrate the success of the scheme in exceeding the milestone achievement of receiving more than 2000 registered workers within the first four months of operation. The launch enabled the Minister for Public employment to mark this milestone by congratulating the 2000th worker to be registered – Mr Heath Costello.



Then Minister for Public Employment
Hon. Chris Burns MLA congratulates
Heath Costello for being the 2000th scheme member
at the Ministerial Launch, December 2005.

2006-2007 Priorities

- Develop an investment strategy that identifies short, medium, and longer term opportunities to support the ongoing financial viability of the scheme.
- Develop a longer term strategic framework for administering the scheme that identifies short, medium, and longer term issues.
- Review the NT Build website to improve the accessibility and useability of information, targeted for each main client group.
- Review operational systems to maximise revenue collection and minimise administrative costs.

Financial Statements for year ended 30 June 2006

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

The complete set of audited financial statements and notes to and forming part of the financial statements for the year ended 30 June 2006 is published in the 2005/06 Annual Report.

Income and expenditure statement

	2006
	\$
Contributions from levy payers	3,219,927
Income from Investments	41,614
Assets acquired at no cost	67,824
TOTAL REVENUE FROM ORDINARY ACTIVITIES	3,329,365
EXPENSES FROM ORDINARY ACTIVITIES	
Amortisation	59,410
Depreciation	12,855
Fees and allowances	48,533
Long service leave benefit payments	24,900
Occupancy costs	77,710
Employee expenses	325,864
Other expenses from ordinary activities	419,783
TOTAL EXPENDITURE	969,056
NET ASSETS AVAILABLE TO PAY BENEFITS AT THE END OF FINANCIAL YEAR	2,360,309

Balance sheet

	2006
	\$
CURRENT ASSETS	
Cash assets	2,109,554
Receivables	660,141
TOTAL CURRENT ASSETS	2,769,695
NON-CURRENT ASSETS	
Property, plant & equipment	297,842
TOTAL NON-CURRENT ASSETS	297,842
TOTAL ASSETS	3,067,538
CURRENT LIABILITIES	
Payables	110,360
Interest bearing liabilities	300,000
TOTAL CURRENT LIABILITIES	410,360
TOTAL LIABILITIES	410,360
NET ASSETS	2,657,177
EQUITY	
Implementation Funding	296,867
Net Assets available to pay benefits at the end of the year	2,360,309
TOTAL EQUITY	2,657,177

Note: There is no established historical data to enable an accurate assessment of the scheme's liability for the 1st year of operation. While there is a liability for the scheme as at 30/6/06, no provision has therefore been disclosed on the balance sheet as the information at hand is not considered adequate to reasonably estimate the level of the accrued liability for service in this reporting period.

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