

### 2006-07 Highlights

- Implemented an investment program to support the ongoing financial viability of the scheme.
- Confirmed that the scheme's assets exceeded its liabilities.
- Contributions received from levy payers exceeded \$5 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 7037 workers, 204 employers, received levy payments totalling approximately \$5.3 million and made benefit payments to 46 workers.
- Extended the service agreement for the provision of system support services with Construction Benefit Services of SA for a further 12 months.

### 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.

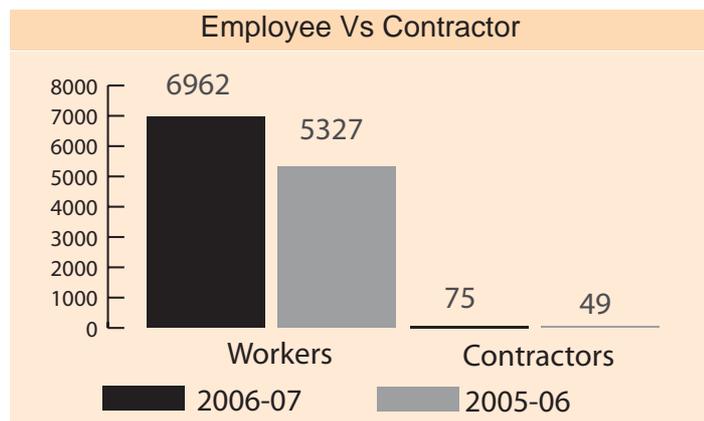
The scheme, including staffing and operational expenses, is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings.

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

The long-term forecast for numbers of worker registrations in the Northern Territory was estimated to be approximately 5000. As shown in the diagram below, the total number of worker registrations recorded by the scheme, in comparison with the previous reporting period, reflected an overall increase of 1661, consisting of a variance as at 30 June 2007 of 1635 employees and 26 labour-only contractors.



#### Benefit payments

During the reporting period 46 claims for long service leave benefits were received. These claims resulted in a total gross benefit payments expense of \$45,612.49 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 primarily a result of the Territory scheme being a party to the National Reciprocal Agreement.

| Benefit Claims                   | June 07   | June 06   |
|----------------------------------|-----------|-----------|
| Lodged through interstate scheme | 24        | 7         |
| Lodged through NT Build          | 22        | 4         |
| <b>Total claims lodged</b>       | <b>46</b> | <b>11</b> |

#### Age profile

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

## Days of service reported

|                    | July 2006<br>- June 2007 | * Jan 2005<br>- June 2006 |
|--------------------|--------------------------|---------------------------|
| Total service days | 1,471,345                | 1,033,255                 |
| Average per worker | 209                      | 192                       |

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

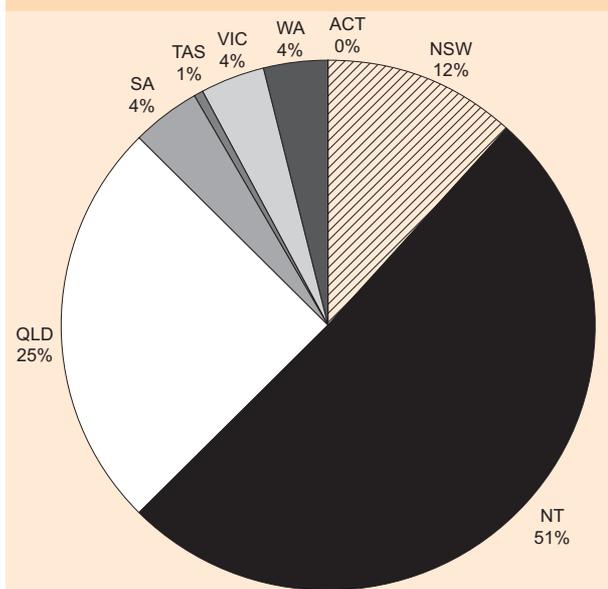
## Scheme demographic - workers by nominated contact location

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 half of the registered workers are Territory residents:

Table: No. of workers by contact location

|              | 2006-07     | 2005-06     | Diff.         |
|--------------|-------------|-------------|---------------|
| ACT          | 7           | 4           | +75%          |
| NSW          | 824         | 649         | +26.96%       |
| NT           | 3579        | 2619        | +36.65%       |
| QLD          | 1751        | 1463        | +19.69%       |
| SA           | 291         | 236         | +23.31%       |
| TAS          | 47          | 35          | +34.29%       |
| VIC          | 270         | 189         | +42.86%       |
| WA           | 268         | 181         | +48.07%       |
| <b>Total</b> | <b>7037</b> | <b>5376</b> | <b>+30.9%</b> |

Diagram: Percentage of workers by contact location - 2006/07



## Employer registration numbers

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

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

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

## Levy payer notifications and projects

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

\*includes payers who have notified of multiple projects undertaken.

## Long Service Levy

### Actuarial Advice

While no provision for the scheme's liability was disclosed on the balance sheet of the Board at 30 June 2006, an estimated liability amount has been incorporated in the financial statements for this current reporting period, including a retrospective amount assessed for the previous year.

It is pleasing to note that the scheme's assets exceed the estimated liabilities.

### Levy compliance

#### • Section 81(b) notices

A new strategy was developed and implemented during 2006-2007 to strengthen levy compliance. The strategy 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.

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. Where a levy payer fails to comply with a section 81(b) notice the person would be prosecuted for failure to comply and a court order would be sought for the person to comply with the notice and to pay costs.

- *Debt recovery*

During the reporting period the following two debt collection agents were engaged, under a panel contract arrangement to provide debt collection services to NT Build for a period of 2 years.

1. TDC (NT) Pty Ltd trading as Territory Debt Collectors and Process Servers, and
2. Bridgement Smith Holdings trading as Bridgement Smith Collections together with Top End Bailiff and Collection Service

### Investment of funds

As noted in the Financial Statements included in this report, NT Build accumulated sufficient funds from the revenue raised from the payment of levies for the Board to commence investing.

The liabilities of NT Build will be, in the main, longer term and will be influenced by wage growth. In addition, the scheme is fully self-funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings.

During this reporting period that Board implemented an initial investment strategy aimed at supporting and sustaining the future financial viability of the scheme. The strategy embraced a conservative balance of both growth and interest bearing assets.

MLC Implemented Consulting (GWM Adviser Services) was appointed by the Board as the scheme's first Fund Manager.

By the end of the financial year a total of \$4.2 million had been invested to cover the future liabilities of the scheme.

## 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 meetings

During this reporting period the Board convened a total of 16 times, including 7 regular meetings and 9 occasions involving specific matters that required attention between scheduled meetings.

### Board decisions

In the course of the 16 meetings of the Board:

- 95 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 the financial year.

## Communications And Marketing

Communications and marketing activities continued to play a significant role during the second 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 two 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.

## 2007-2008 Priorities

- Review the initial investment strategy to identify short, medium, and longer term opportunities to support the ongoing financial viability of the scheme.
- Finalise a strategic framework that supports the effective and efficient administration 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 2007

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 2007 is published in the 2006/07 Annual Report.

### Income and expenditure statement

|   | 2007<br>\$         |
|---|--------------------|
| Contributions from levy payers  | 5,253,545          |
| Income from Investments   | 270,628            |
| Assets acquired at no cost  | -                  |
| <b>TOTAL REVENUE FROM ORDINARY ACTIVITIES</b>   | <b>5,524,173</b>   |
| <b>EXPENSES FROM ORDINARY ACTIVITIES</b>  |                    |
| Amortisation  | 59,410             |
| Depreciation  | 13,469             |
| Fees and allowances   | 31,628             |
| Long service leave benefit payments   | 151,879            |
| Long service scheme expense - current   | 2,860,000          |
| Long service scheme expense - prior year  | 2,600,000          |
| Occupancy costs   | 76,936             |
| Employee expenses   | 506,362            |
| Other expenses from ordinary activities   | 415,429            |
| <b>TOTAL EXPENDITURE</b>  | <b>6,715,113</b>   |
| <b>Net surplus (deficit)</b>  | <b>(1,190,940)</b> |
| <b>Net assets (liabilities) available for accrued benefits at beginning of the year</b> | <b>2,360,310</b>   |
| <b>Net assets (liabilities) available for accrued benefits at end of the year</b>       | <b>1,169,370</b>   |

### Balance sheet

|                                      | 2007<br>\$       |
|--------------------------------------|------------------|
| <b>CURRENT ASSETS</b>                |                  |
| Cash assets                          | 941,579          |
| Receivables                          | 1,532,771        |
| Other financial assets - Investments | 4,326,563        |
| Other assets                         | -                |
| <b>TOTAL CURRENT ASSETS</b>          | <b>6,800,914</b> |
| <b>NON-CURRENT ASSETS</b>            |                  |
| Property, plant & equipment          | 231,915          |
| <b>TOTAL NON-CURRENT ASSETS</b>      | <b>231,915</b>   |
| <b>TOTAL ASSETS</b>                  | <b>7,032,829</b> |
| <b>CURRENT LIABILITIES</b>           |                  |
| Payables                             | 106,592          |
| Provision for scheme liabilities     | 450,000          |
| Interest bearing liabilities         | -                |
| <b>TOTAL CURRENT LIABILITIES</b>     | <b>556,592</b>   |
| <b>NON-CURRENT LIABILITIES</b>       |                  |
| Provision for scheme liabilities     | 5,010,000        |
| <b>TOTAL NON-CURRENT LIABILITIES</b> | <b>5,101,000</b> |
| <b>TOTAL LIABILITIES</b>             | <b>5,666,592</b> |
| <b>NET ASSETS</b>                    | <b>2,657,177</b> |
| <b>EQUITY</b>                        |                  |
| Implementation Funding               | 296,867          |
| Retained surplus                     | 1,169,370        |
| <b>TOTAL EQUITY</b>                  | <b>1,466,237</b> |

**Note:** While no provision for the scheme's liability was disclosed on the balance sheet of the Board at 30 June 2006, an estimated liability amount has been incorporated in the financial statements for this current reporting period, including a retrospective amount assessed for the previous year. This was a result of an actuarial review conducted which indicated that there now appears to be a sound basis for projecting the scheme liabilities to 30 June 2007.

### Contact Details

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