

2009-10 Highlights

- Reduction in the levy by 20%, from 0.5% to 0.4%, for two years with effect from 1 July 2009.
- Reviewed the investment strategy and implemented short to medium term opportunities that support the ongoing financial viability of the scheme within the volatile global financial climate.
- Hosted the National Conference of Construction Industry Long Service Leave Schemes.
- Received approximately \$8 million in levy contributions (down by \$3.8 million from previous reporting period), despite economic challenges faced by the Territory construction sector.
- Recorded total registrations of 12 587 workers, 238 employers and made benefit payments to 153 workers.
- Appointments of four inaugural board members, including chairperson, renewed for further five year term.
- Welcomed one new member appointed to the board to replace out-going member.

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.

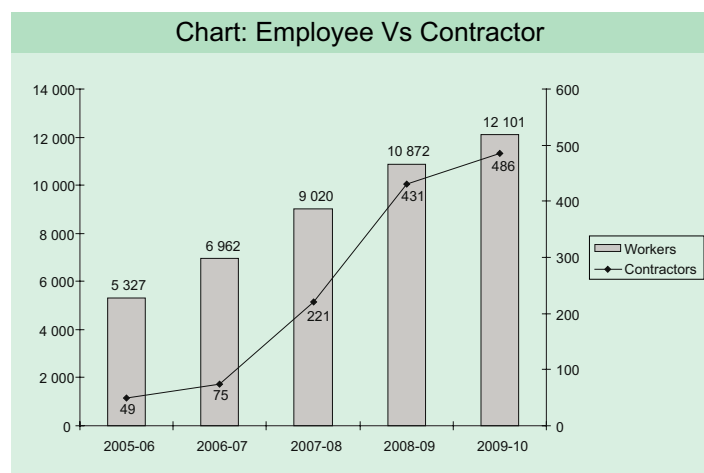
The NT Build scheme, including staffing and operational expenses, is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings. This revenue is used to fund payment of long service leave benefits accrued by construction workers while 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 table and diagram below, the total number of worker registrations recorded by the scheme reflected an overall increase of 1284 when compared to the previous reporting period. This variance consisted of 1229 employees and 55 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	2007-08	2008-09	2009-10	2010-11
\$810 pw	\$867 pw	\$927 pw	\$1022 pw	\$1076 pw

Benefit payments

During the reporting period 153 claims for long service leave benefits were received. These claims resulted in a total gross benefit payments expense of approximately \$267,000 in respect of work performed in the Northern Territory, an increase of approximately 92% compared to the previous reporting period.

Benefit Claims	2006-07	2007-08	2008-09	2009-10
Lodged interstate	24	50	60	105
Lodged NT Build	22	21	34	48
Total claims lodged	46	71	94	153

Age profile

	June 07	June 08	June 09	June 10
Average age	39	39	40	40
Oldest	73	74	75	80
Youngest	15	14	15	15

Days of service

	June 2007	June 2008	June 2009	June 2010
Total estimated service days	1.5 M	2.6 M	3.25 M	3.24 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 more half of the registered workers are Territory residents.

Table: No. of workers by contact location

	2006-07	2007-08	2008-09	2009-10
ACT	7	10	11	13
NSW	824	1 025	1 272	1 364
NT	3 579	4 970	6 172	7 043
QLD	1 751	1 991	2 273	2 436
SA	291	383	452	481
TAS	47	64	72	72
VIC	270	438	558	615
WA	268	360	493	563
Total	7 037	9 241	11 303	12 587

Employer registration numbers

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

Employer Registrations	June 07	June 08	June 09	June 10
*Active Registrations	204	219	230	238

* excludes previously registered employers who, at 30 June 2010, 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. No notices were issued during this reporting period - compared with one issued during the 2008-09 period.

Levy payment and compliance

Total Levy Payer notifications	June 2007	June 2008	June 2009	June 2010
* Active levy payers who notified of leviable construction work	167	278	176	181
Total of invoices issued equating to a levy income (approximate)	\$5.3M	\$7.9M	\$11.8M	\$8.0M

*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 with the notice. A total of 20 notices were issued during the 2009-2010 reporting period.

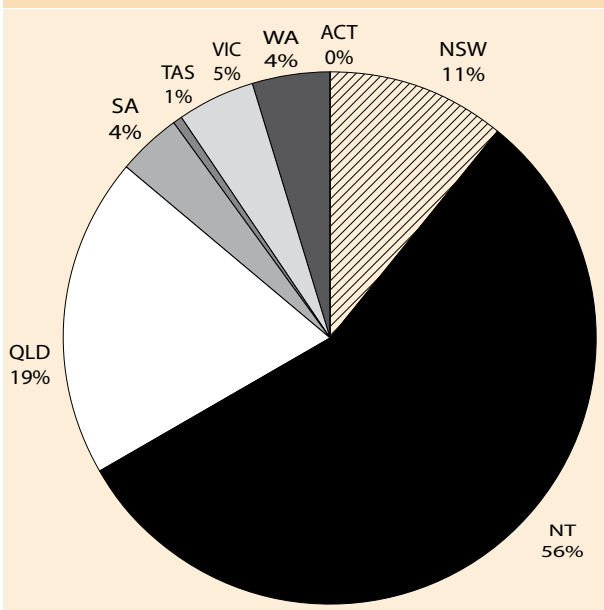
The Board will continue to pursue compliance issues to ensure that the scheme is administered equitably.

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 2009-10 reporting period one levy payer was referred to a debt collection agent for recovery action. As at 30 June 2010 money owed had been successfully recovered from two payers - which included recovery of an outstanding levy payment from the 2008-09 reporting period.

Chart: Percentage of workers by contact location - 2009/10



Actuarial Advice

Long service leave liability

For accounting purposes as at 30 June 2010 the actuary recommended a liability for accrued long service leave benefits of \$17.4 million be adopted. This represents an increase of \$3.8 million from the 30 June 2009 estimate of \$13.6 million.

Section 91 actuarial review

An actuarial review of the scheme was undertaken during the 2008-09 reporting period. In response to the actuaries findings the NT Government:

- Approved a 20% temporary reduction in the levy rate, from 0.5% to 0.4% for two years, commencing from 1 July 2009; and
- Introduced a \$1 billion threshold for the purpose of calculating the levy on large scale construction projects, below which the standard levy per cent rate would apply and from which an actuarially determined levy amount would be applied on a project specific basis.

It is pleasing to note that, notwithstanding the NT Government's decision to temporarily reduce the levy and the overall impact of the global financial crisis, the scheme's assets continue to exceed its estimated liabilities.

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.

The Board previously implemented an investment strategy that embraced a balance of both growth and interest bearing assets, with MLC Implemented Consulting (GWM Adviser Services) appointed as the scheme's primary fund manager. Due to the volatile global investment climate, the Board reviewed its investment strategy and opted to take a more conservative approach incorporating interest bearing term deposits with both the Territory Insurance Office (TIO) and Westpac to minimise the exposure of the investments. While information regarding the performance of the scheme's investments is provided in the published Financial Statements the following table reflects the actual amount invested.

Table: Funds invested with Fund Managers

Fund Managers	06-07	07-08	08-09	09-10	TOTAL
MLC (GWM)	\$4.2 M	\$3.9 M	-	\$4.6 M	\$13.0 M
TIO	-	\$2.8 M	\$4.3 M	\$0.3 M	\$7.4 M
WESTPAC	-	-	\$5.0 M	\$2.8 M	\$7.8 M
TOTAL	\$4.2 M	\$6.7 M	\$9.3 M	\$8.0 M	\$28.2 M

Corporate Governance

Board membership

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

- Barry Chambers - Independent Chairperson
- Tony Stubbin - Ministerial nominee.
- Trevor Gauld - 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 17 meetings of the Board:

- 64 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 handling of protected public interest disclosures, were resolved during this reporting period.

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 three 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.

2010-2011 Priorities

- Adopt new administrative procedures and implement amendments to legislation resulting from recommendations posed in the report on the actuarial review of the scheme.
- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability 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.

Financial Statements For Year Ended 30 June 2010

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

Comprehensive operating statement

	2010
	\$
INCOME	
Contributions from levy payers	8 332 922
Other income	1 773 292
TOTAL INCOME	<u>10 106 214</u>
EXPENSES	
Depreciation and Amortisation	66 728
Fees and allowances	16 286
Long service leave benefit payments	535 673
Long service scheme expense - current	3 805 000
Occupancy costs	58 080
Employee expenses	594 163
Other expenses	405 450
TOTAL EXPENSES	<u>5 481 380</u>
OTHER COMPREHENSIVE INCOME	
Changes in accounting policies	-
Correction of prior period errors	-
TOTAL OTHER COMPREHENSIVE INCOME	<u>-</u>
COMPREHENSIVE RESULT	<u><u>4 624 834</u></u>

Statement of financial position

	2010
	\$
ASSETS	
Current assets	
Cash and cash equivalents	17 641 409
Trade and other receivables	1 542 387
Other financial assets - investments	12 204 809
TOTAL CURRENT ASSETS	<u>31 388 605</u>
Non-current assets	
Property, plant & equipment	17 824
TOTAL NON-CURRENT ASSETS	<u>17 824</u>
TOTAL ASSETS	<u><u>31 406 429</u></u>
LIABILITIES	
Current liabilities	
Trade and other payables	64 766
Provision for scheme liabilities	500 000
TOTAL CURRENT LIABILITIES	<u>564 766</u>
Non-current liabilities	
Provision for scheme liabilities	16 908 000
TOTAL NON-CURRENT LIABILITIES	<u>16 908 000</u>
TOTAL LIABILITIES	<u>17 472 766</u>
NET ASSETS	<u><u>13 933 663</u></u>
EQUITY	
Implementation Funding	296,867
Retained surplus	13 636 796
TOTAL EQUITY	<u><u>13 933 663</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 2010 is published in the 2009-10 Annual Report.

Contact Details

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