

### 2015-16 Highlights

- Finalised the implementation of a new business system, which supports a suite of on-line customer self-service business transactions. New system was made fully available to customers from 1 July 2016.
- Implemented a revised biannual reporting timetable for employers.
- Recorded estimated total accumulated liabilities of \$63.46 million (significant increase of \$17.9 million in comparison to the 2014-15 period). However, Scheme's assets continue to cover liabilities.
- Recorded a net deficit for the year of \$17.4 million, of which \$17.3 million related to the increase in long service leave liabilities as determined by the Scheme's actuary.
- Received approximately \$3.6 million in levy contributions (up from the \$2.4 million achieved in 2014-15).
- Increases in both worker and employer registrations during the year. Total active registrations of 27054 workers and 523 employers recorded with the Scheme as at 30 June 2016.
- Made benefit payments to 678 workers who have been involved in the NT construction industry at a cost to the Scheme of approximately \$2.53 million (up from the 348 payments at a cost of \$1.43 million made in 2014-15).

### About NT Build

NT Build, a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act* on 1 July 2005, is administered by a board which comprises an independent chairperson and five members nominated by the Minister.

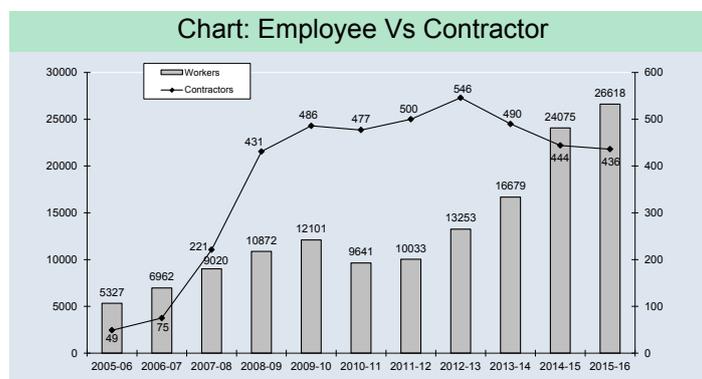
The NT Build Scheme is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings. This revenue is used to fund payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory.

The establishment of NT Build completed 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 net increase of 2535 on the numbers for the previous reporting period. This variance consists of 2543 more employees and 8 less labour-only contractors.



As at 30 June 2016 a total of 11157 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 2015-16 reporting period 678 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately \$2.5 million in respect of work performed in the NT. The number of claims processed increased by almost 95%, resulting in an increase cost to the Scheme of \$1.1 million for benefits paid in comparison to the previous year 2014-15 reporting period.

Benefit Claims	2012-13	2013-14	2014-15	2015-16
Lodged interstate	166	124	188	270
Lodged NT Build	69	105	160	408
<b>Total claims</b>	<b>234</b>	<b>229</b>	<b>348</b>	<b>678</b>

#### 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 in July) and applied to both workers and contractors.

Table: defined benefit rate

2011-12	2012-13	2013-14	2014-15	2015-16
\$1136 pw	\$1151 pw	\$1206 pw	\$1233 pw	\$1254 pw

## Age profile

	June 13	June 14	June 15	June 16
Average age	37	38	38	38
Oldest	78	79	80	81
Youngest	15	15	16	15

## Days of service

	June 2013	June 2014	June 2015	June 2016
Total estimated service days	6.38M	7.23M	9.57M	11.28M

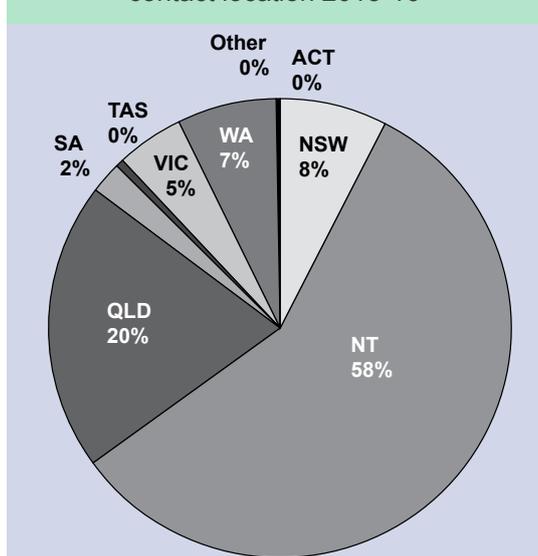
## Scheme demographic

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 record a Territory contact address.

Table: No. of workers by contact location

	2012-13	2013-14	2014-15	2015-16
ACT	17	21	27	26
NSW	1 066	1 210	1 829	2 055
NT	9 201	11 413	14 907	15 576
QLD	1 970	2 608	4 281	5 433
SA	336	355	551	610
TAS	108	108	142	147
VIC	601	733	1 616	1 270
WA	484	702	1 159	1 928
Other	16	19	7	9
<b>Total</b>	<b>13 799</b>	<b>17 169</b>	<b>24 519</b>	<b>27 054</b>

Chart: Percentage of workers by contact location 2015-16



## Employer registration numbers

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

	June 13	June 14	June 15	June 16
Registered Employers	395	468	502	523

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 2013	June 2014	June 2015	June 2016
Total levy income # (approximate)	\$9.6M	\$3.9M	\$2.4M	\$3.7M

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

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.

Two new notices were issued during the 2015-16 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 2015-16 reporting period two new actions relating to levy payers were referred to a debt collection agent for recovery action.

As at 30 June 2016 money owed from one payer had been successfully recovered, with one action being carried forward for recovery during the 2016-17 period.

## Actuarial Advice

### Long service leave liability

For accounting purposes as at 30 June 2016 the actuary recommended a liability for accrued long service leave benefits of \$62.6 million be adopted. This represents a significant increase of \$17.3 million from the 30 June 2015 estimate of \$45.3 million.

Some of the general key assumptions noted by the actuary in performing the 2015-16 valuation are:

- estimate of 1.057 million days of service credits to be reported in future in respect of past reporting periods;
- 30% of inactive members will reactivate;
- approximately 47% of workers with some indication of interstate service on their records;
- the proportion of workers eligible to claim is assumed to vary with service as workers with interstate service may claim benefits on exit with fewer service credits and 100% eligibility is assumed by 1100 days due to payment on deregistration vesting at that point;
- benefits assumed to be paid immediately when claimed however vested benefits may not be immediately claimed and are assumed to be paid up to 4 years from vesting; and
- discount rate of 2% and a benefit growth rate of 4%.

The most significant elements in the 2015-16 valuation resulting in an increase in liability from the 2014-15 valuation included:

- lower rates of exit to inactive status;
- benefit payments made were higher than assumed; and
- a large 2015-16 additional liability, associated with high levels of service reporting due to Inpex LNG project, but also related to workers with increasing average service length meaning the probability of a higher number of workers accruing a benefit entitlement.

Further Scheme experience over time will refine the assumptions made and provide greater certainty in valuation.

### Investment of funds

While the Scheme's liabilities will in the main continue to be longer term, as a result of the Scheme's maturity the payment of benefits to workers significantly increased during 2015-16, with the value (including National Reciprocal payments) exceeding the amount of levy revenue received.

With the continued levy collection structure of 0.1% on projects over \$1 million, this trend is likely to continue and is expected to have a material impact on the fund's medium to long term sustainability.

The sound investment of the Scheme's accumulated funds (through a combination of direct cash investments and a multi-asset class, multi-manager fund strategy) will play an increasingly vital role in ensuring there will be sufficient funds to meet that longer term liability.

As at 30 June 2016, the Scheme's liabilities continued to be well covered by the Scheme's assets.

While information regarding the performance of the Scheme's investments is provided in the Financial Statements included in this report, the table below reflects the actual (pre interest) amounts invested.

Fund Managers	Accumulated funds invested at 30 June 2015	Funds invested / (redeemed) 2015-16	Total funds invested at 30 June 2016
MLC/JANA	\$56.8M	\$0M	\$56.8M
PCCU	\$3.8M	(\$1.4M)	\$2.4M
MEB	\$2.1M	(\$1.7M)	\$0.4M
<b>TOTAL</b>	<b>\$62.7M</b>	<b>\$3.1M</b>	<b>\$59.6M</b>

## Corporate Governance

### Board membership

The Scheme is administered by a Government appointed Board. The membership of the Board as at 30 June 2016 consisted of: Michael Martin OAM (Chairperson), Craig Graham, Michael Haire, David Malone, Dick Guit, Michael Milatos and Rosemary Campbell.

### Board decisions

In the course of a total of 10 meetings of the Board:

- 69 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 were resolved during this reporting period.

## Communications and Marketing

### General activities undertaken

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

### Industry consultation

- Information sessions and briefings.
- Presentations to the Board.
- Liaison with other state and territory construction industry long service leave schemes.

## 2016-17 Priorities

- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the Scheme.
- Finalise the redevelopment of the Scheme's website, designed to integrate customer self-service functionality and be adaptable for viewing on multiple electronic device formats (phone/tablet/computer).
- Closely monitor the Scheme's financial position and report on its ongoing financial status in the current low levy (0.1%) and high threshold (\$1million) environment.
- Monitor and review the operation of a new business system to ensure operational savings, improvements and efficiencies are maximised.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs for NT Build and maximise stakeholders convenience.
- Continue to actively encourage the registration of all eligible workers and relevant employers.
- Maintain strong compliance regime to ensure Scheme levy revenue is maintained.

## Financial Statements For Year Ended 30 June 2016

It is pleasing to report that this is the first year that NT Build's Financial Statements have not carried a qualification by the Auditor-General.

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

### Statement of comprehensive income

	2016
<b>INCOME</b>	<b>\$</b>
Contributions from levy payers	3 664 778
Other income	2 330 754
Employee benefits	(853 314)
Depreciation and Amortisation	(1 073)
Fees and allowances	(45 518)
Long service leave benefit payments	(4 729 387)
Long service scheme expense - current	(17 271 000)
Occupancy costs	(102 425)
Other expenses	(385 150)
<b>NET SURPLUS/(DEFICIT)</b>	<b>(17 392 335)</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(17 392 335)</b>

### Statement of financial position

	2016
<b>ASSETS</b>	<b>\$</b>
<b>Current assets</b>	
Cash and cash equivalents	5 950 989
Trade and other receivables	820 891
Other financial assets	74 238 251
<b>TOTAL CURRENT ASSETS</b>	<b>81 010 131</b>
<b>Non-current assets</b>	
Property, plant & equipment	1 252
Intangible assets	318 025
<b>TOTAL NON-CURRENT ASSETS</b>	<b>319 277</b>
<b>TOTAL ASSETS</b>	<b>81 329 408</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	360 714
Short-term provisions	6 700 000
Other liabilities	489 643
<b>TOTAL CURRENT LIABILITIES</b>	<b>7 550 357</b>
<b>Non-current liabilities</b>	
Long-term provisions	55 912 000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>55 912 000</b>
<b>TOTAL LIABILITIES</b>	<b>63 462 357</b>
<b>NET ASSETS</b>	<b>17 867 051</b>
<b>EQUITY</b>	
Reserves - implementation funding	296 867
Accumulated funds	17 570 184
<b>TOTAL EQUITY</b>	<b>17 867 051</b>

The complete set of audited financial statements and notes to and forming part of the financial statements for the year ended 30 June 2016 is published in the 2015-16 Annual Report.

### Contact Details

#### **NT Build – portable long service leave**

Street: Units 32-33/12 Charlton Court,  
Woolner NT 0820

Post: PO Box 36644, Winnellie NT 0821

General enquiries: 1300 795 855

Office phone: (08) 8936 4070

Fax: (08) 8936 4080

Email: [info@ntbuild.com.au](mailto:info@ntbuild.com.au)

Web: [www.ntbuild.com.au](http://www.ntbuild.com.au)

ABN: 16 851 173 952