



Levy Information

Application of the levy to Class 1a(i) and Class 10(a) buildings

DETACHED HOUSES, PRIVATE GARAGES, CARPORTS AND SHEDS ARE SOME OF THE CONSTRUCTION WORKS WHERE THE LONG SERVICE LEAVE LEVY UNDER THE CONSTRUCTION INDUSTRY LONG SERVICE LEAVE AND BENEFITS ACT IS NOT IMPOSED.

The long service leave levy is generally applicable to all other types of construction works including the construction of duplexes, units, fences and swimming pools.

Background

On 1 July 2005 the NT Build Long Service Leave Scheme came into effect through the:

- *Construction Industry Long Service Leave and Benefits Act* ("the Act");
- *Construction Industry Long Service Leave and Benefits Regulations* ("the Regulations"); and,
- *Construction Industry Long Service Leave and Benefits Determinations* ("the Determinations").

The scheme has been set up to enable building and construction industry workers to qualify for long service leave based on service to the industry rather than service with the one employer.

It is funded by a levy on construction work in the Northern Territory as well as investment earnings.

The Levy

A long service leave levy is imposed on eligible construction work that started after the Act commenced and the cost of which is at least \$200,000 or more in value. (See section 32 of the Act).

For construction work that cost up to \$1 billion, the amount of the levy is a set percentage of the cost of construction work on which the levy is imposed. A two tier levy regime applies to construction projects with construction costs in excess of \$1 billion. (See section 33 of the Act and Regulations 3 and 6 of the Regulations.)

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The following formula is used for calculating the levy amount on projects with construction costs from \$200,000 to \$1 billion.

$$\left\{ \begin{array}{l} \text{Total cost of construction} \\ \text{work, including GST} \end{array} \right\} \times \begin{array}{l} \text{applicable} \\ \text{levy \% rate} \\ \text{(refer below)} \end{array} = \begin{array}{l} \text{Levy payment} \\ \text{(GST exempt)} \end{array}$$

The following levy rates apply:

- 0.5% on projects started from 1/7/2005 to 30/6/2009 - regardless of completion date; and
- 0.4% on projects started from 1/7/2009 - regardless of completion date

Levy Exemptions

The Act provides for exemptions to the levy (see section 32). In particular, to the extent that the construction work is for a Class 1(a)(i) or a Class 10(a) building, the levy does not apply.

Section 32(2) of the Act provides –

The levy is imposed on only so much of the construction work as is not –

- (b) construction work for a Class 1a(i) or Class 10 building under the Building Code of Australia published by or on behalf of the Australian Building Codes Board and as in force from time to time; or
- (c) exempt by the Regulations.

Significantly, section 32(3) of the Act provides –

Subsection (2)(b) has effect subject to the Regulations.

Regulation 2 of the Regulations provides –

Section 32(2)(b) of the Act has effect, in so far as it relates to construction work for a Class 10 building under the Building Code of Australia, so that the levy is imposed on so much of construction work as is not for a Class 10(a) building.

Building Code of Australia: Classes of Building

The Building Code of Australia ("the Code") provides the following classifications (see Part 1.3).

Class 1 and 10 buildings are classified as follows:

Class 1 - one or more buildings, which in association constitute –

- (a) **Class 1a** – a single dwelling being -
 - (i) a detached house; or
 - (ii) one of a group of two or more attached dwellings, each being a building, separated by a fire-resisting wall, including a row house, terrace house, town house or villa unit; or ...

which is not located above or below another dwelling or another Class of building other than a private garage (see Figure 1.3.1, 1.3.2 and 1.3.3).

Class 10 - a non-habitable building or structure being –

- (a) Class 10a - a non-habitable building being a private garage, carport, shed, or the like; or.
- (b) Class 10b - a structure being a fence, mast, antenna, retaining or free-standing wall, swimming pool, or the like.

(see Figure 1.3.3).

The Code provides various definitions for interpretation, unless the contrary appears.

Some of these definitions (see Part 1.1) include -

Fire-resisting, applied to a structural member or other part of a building, means having the FRL (fire-resistance level) required for that structural member or other part.

Private Garage means -

- (a) any garage associated with a Class 1 building; or
- (b) any separate single storey garage associated with another building where such garage is capable of accommodating not more than 3 vehicles.

Swimming Pool means any excavation or structure containing water and used principally for swimming, wading, paddling, or the like, including a bathing or wading pool, or spa.

Summary of NT Build Levy Exemptions

Class of Building	Example	Exempt	Not Exempt
1a(i)	Single dwelling (detached house)	√	
1a(ii)	Single dwelling (duplex, unit)		√
10a	Private garages, carports and sheds	√	
10b	Structure being a fence, mast, antenna, retaining or free-standing wall, swimming pool, or the like		√

Further Reference

Copies of the Act, the Regulations and the Determinations may be purchased from the Government Printing Office or downloaded from the NT Build website www.ntbuild.com.au or the NT Government website www.nt.gov.au.

Copies of the Code may be purchased on-line via the website of the Australian Building Codes Board: www.abcb.gov.au.

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