

Subject: Strategic audit and levy compliance

References: *Construction Industry Long Service Leave and Benefits Act*
Section 3 – Object of Act
Section 6 – Definitions (“construction work”, “site”)
Section 7 – Construction work
Section 32 – Imposition of the levy
Section 35 – When levy must be paid
Section 37 – Cost of construction work
Section 40 – Obligation to notify-person for whom work carried out
Section 41 – Obligation to notify-Territory etc.
Section 42 – Disclosure of information
Section 45 – Interest payments
Section 46 – Assessment of Levy
Section 47 – Recovery of levy

Replaces: Policy number 03-2008 issued on 27/8/08

Policy: To ensure the Act is administered in an equitable and efficient manner, NT Build’s systems and process rely on the honesty of levy payers to voluntarily comply with their obligations under the Act.

Unless particular construction work is exempted, the Act relies upon a completed project notification form (PNF) being submitted, notifying NT Build about the eligible construction work to be carried out, by the relevant levy payer.

Generally, the total cost of the work is determined by the total contract prices for all the construction contracts in relation to the work. However, as the total contract prices may not be known before work commences a payer’s self-assessment of the estimated total contract prices will usually be accepted for the basis of calculating the levy payable. For the administrative convenience of the payer and NT Build, an invoice for the amount assessed by the payer is issued upon receipt of a PNF acceptable to the Registrar.

At the completion of the project, a reconciliation of the actual total contract prices is required, as an additional levy or refund may be payable once the final cost is known.

As part of NT Build's annual audit program, routine audits of selected construction projects are conducted to ensure that levy payers are declaring and remitting the correct amount of levy that is required.

Selection of projects for audit

A number of factors are considered in the selection of a construction project for audit. NT Build is vested with the authority to ensure full levy compliance of every project eligible under the Act. However, NT Build does not intend to rigorously examine every project. Generally, a random sample would be selected from each of the different industry sectors, having regard for the following elements.

- The random selection of levied construction projects, chosen from a list of completed projects that have been reconciled by the levy payer.
- Sample projects chosen from the following categories, within each levy threshold range.

Categories:

- i). Private Sector - small, medium, large projects
- ii). Public Sector – Commonwealth, NT, local government
- iii). Regional
- iv). Type of project (ie; residential, civil, commercial, mining)

Levy thresholds:

Projects commenced Pre 7/4/2014	Projects commenced Post 6/4/2014
i). \$200K - \$5M	i) \$1M - \$100M
ii). \$5M - \$50M	ii) \$100M - \$1B
iii). \$50M - \$100M	iii) Over - \$1B
iv). Over \$100M	

- Independent random selection of projects recorded by the Development Consent Authority and recorded in the NT Government Integrated Land Information System (ILIS) – to ensure leviable construction projects were identified and assessed by NT Build.

All audits will be conducted by an independent auditor appointed by the Board.

Audit outcome

Where, as a result of the audit findings, the reconciled cost of the construction project results in a finding that the actual cost was less than the original estimate, NT Build will refund the overpaid portion of the levy payment.

This includes a full refund where:

- For projects commenced before 7 April 2014, the reconciled total cost of the construction project is determined to be less than \$200,000.00.
- For projects commenced on or after 7 April 2014, the reconciled total cost of the construction project is determined to be less than \$1 million.

However, if the total cost of construction is determined to be more than the amount originally notified to NT Build, the payer will be required to pay an additional amount of levy.

A penalty interest charge may be applied to any amount of unpaid levy payment from the date on which the project reconciliation declaration is made by the levy payer. Any additional amount of levy payment, including penalty interest, is payable and will be recovered by NT Build.

<p>This is intended as a guide only and is not intended to bind the Board to any particular action or decision about the audit selection and levy compliance process.</p>

Date Authorised: 19 June 2014