

Changes to NT Build – keeping the Territory competitive

NT Build is a portable long service scheme for construction workers in the Northern Territory, which is funded through a levy on construction work. Set up in 2005 after extensive industry consultation, the scheme funds long service leave based on years of industry service rather than service with a single employer. Similar schemes exist in all Australian states and territories. NT Build continues to help attract skilled workers to the Northern Territory, as it provides similar entitlements to construction workers employed in the rest of Australia.

The Northern Territory Government has recently reviewed the scheme and has made changes to encourage investment in development while still retaining benefits for workers.

The key changes:

- Reduce the levy payable by developers
- Increase the threshold, so smaller projects aren't required to pay the levy
- Clarify the major projects levy
- Establish a working group to provide greater clarity to the mining industry
- Enhance the entitlement for workers in the scheme

Levy Reduction

The NT Build levy rate has been reduced from 0.3% to 0.1% from 7 April 2014, making the Territory's levy the most affordable in Australia.

New construction projects that started on or after 7 April 2014 will be levied at the reduced rate.

The 0.3% levy rate will continue to be applied to projects started before 7 April 2014, regardless of their completion date.

The Scheme will continue to be reviewed to ensure its ongoing sustainability.

Levy threshold – increased to \$1 million

The threshold value of construction when the levy kicks in has been raised from \$200,000 to \$1 million or more, effective from 7 April 2014. For example; projects with a value of less than \$1 million which started on or after 7 April 2014 will now be exempt from the levy.

The previous threshold of \$200,000 will continue to be applied to projects started before 7 April 2014, regardless of their completion date.

Where a levy has already been paid contrary to these announced changes, the developer will have the levy fully or partially refunded as appropriate. To find out more, please contact the NT Build office.



Major project levy

The Government has moved to clarify the way the levy will be calculated for major construction projects. For projects exceeding \$1 billion, the levy will be calculated by:

- a) Multiplying \$1 billion by the prescribed percentage levy rate (currently 0.1%); and
- b) A further contribution for the excess (over \$1 billion) amount determined by the Minister responsible for NT Build having regard to the actuarially estimated actual long service entitlement of that project's workforce i.e. the amount the project workforce will be entitled to claim through the scheme.

Mining industry

Mining and exploration activities are exempt from the scheme; however clarification is required regarding when the levy applies to construction associated with mining and exploration activities. The Northern Territory Government has approved the establishment of a working party, which would include the mining industry, to better define the current exemption for mining and exploration under the Scheme.

Looking after workers

The Government is maintaining the current entitlements of workers under the scheme.

Changes have also been approved which will reduce the number of days that a worker has to work in a year to be eligible down from 260 days to 220 days. These changes will enhance the benefits for workers in the scheme and will be implemented once relevant legislative changes are in place.

Who pays the levy?

The levy is paid by the person for whom the work is to be done, e.g. the Project Owner or Developer. However, where the work is done for the Australian Government or some other interstate government entity, the principal contractor doing the work is liable to pay the levy.

The onus is on Project Owners or Developers to notify NT Build and pay the levy on all eligible projects before construction starts.

Find out more

To find out more or to discuss your projects please contact the NT Build Office on telephone 1300 795 855 or visit our website www.ntbuild.com.au

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