

# Part 2: Operational Governance



# Part 2 Operational governance

## The Board

### **Functions and powers**

The *Construction Industry Long Service Leave and Benefits Act* (CILSLB Act) sets out the Board's main functions as well as the powers that the Board may exercise in performing those functions. The functions of the Board in administering the portable long service leave scheme (provided for in section 55 of the CILSLB Act) include:

- administration of the scheme; and
- providing advice and making recommendations to the Minister about the operation of the Act.

In exercising its powers and carrying out its functions, the CILSLB Act obliges the Board to do so in a manner that is reasonable and accords with and furthers the object of the Act.

### **Membership**

The scheme is administered by a Government appointed Board. Under the CILSLB Act, Board members are able to hold office for a period of up to five years, and may be reappointed. The membership of the NT Build Board as at 30 June 2013 is outlined on page 32.

During the reporting period one member, Tony Stubbin, resigned his appointment resulting in the appointment of a new member, Craig Graham, as a replacement Ministerial nominee.

### **Conducting business**

#### Meetings

During this reporting period the Board convened a total of 19 times, including 4 regular meetings and 15 occasions involving specific matters that required

attention between scheduled meetings. Due to the small size of the Board, all matters are dealt with by the Board as a whole.

Further detail regarding members' participation at meetings is provided in the Financial Statements included in this report.

#### Remuneration

Board members are remunerated, in accordance with the rates and conditions determined under the *Assembly Members and Statutory Officers (Remunerations and Other Entitlements) Act*, based on a classification that recognises the range of duties, powers and responsibilities assigned to the Board.

Further detail regarding payments to members is provided in the Financial Statements included in this report.

#### General decisions

In the course of the 19 meetings of the Board, 56 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.

#### Policy decisions

No new policy decisions were issued during this reporting period.

All policies of the Board are intended as a guide only and are not intended to bind the Board to any particular action or decision affecting the operation or administration of the portable long service leave scheme.

Copies of all policies are published on the website at: [www.ntbuild.com.au](http://www.ntbuild.com.au)

### Ministerial directions

Section 67 of the CILSLB Act enables the Minister to give a direction to the NT Build Board relating to the exercising of its powers or the performance of its functions.

No directions pursuant to section 67(1) of the CILSLB Act were given during the year ending 30 June 2013.

### Ministerial advice

After seven full years of the Scheme's operation the Board finalised an internal review of the Scheme during this reporting period and provided a number of recommendations to the Minister proposing some legislative amendments. Some of the proposed amendments relate to relatively minor administrative changes to improve the efficiency of the Scheme's administration, others are more significant in that they have the potential to benefit levy payers, employers and construction workers.

A more detailed review, including industry stakeholder consultation is to be undertaken during the 2013-14 reporting period.

### Disclosure of interests

As required under the CILSLB Act a register of the interests of members of the Board is maintained. All members submit an initial written declaration stating any interests of relevance to Board business and a process has been implemented to ensure any new or amended declarations are disclosed at each meeting.

### Reconsideration/reviews

Under Section 84 the CILSLB Act, a person affected by a decision made by either the Registrar or the Board may request the Board to formally reconsider that decision.







As illustrated in the following table, no applications for reconsideration were received during this reporting period.

Similarly, under Section 85 of the CILSLB Act, a person who has applied to the Board for a reconsideration of a decision may, if dissatisfied with the decision, apply to the Local Court for a review of the Board's reconsidered decision. One application for a review by the Local Court, received during the 2009-10 reporting period, was resolved in December 2012.

Table 2.1: Summary of applications for reconsideration lodged - Section 84

YEAR	B/FWD	LODGED AGAINST		RESOLVED	C/FWD
		decision of Registrar	decision of Board		
2012-13	-	1	1	2	-
2011-12	-	-	-	-	1
2010-11	-	-	1	1	-
2009-10	1	-	1	2	-
2008-09	-	-	2	1	1
2007-08	-	-	1	1	-
2006-07	-	-	1	1	-
2005-06	-	1	-	1	-

Board membership at 30 June 2013

<p>Independent Chairperson</p>	<p><b>Barry Chambers</b> Retired NT Public Sector employee Former chief executive officer of NT infrastructure agencies</p>	
<p>Two members who represent organisations that represent the interests of employees</p>	<p><b>Mick Huddy</b> NT Organiser Construction, Forestry, Mining &amp; Energy Union (CFMEU)</p>	
	<p><b>Michael Haire</b> Organiser (QLD/NT) Electrical Trades Union (ETU)</p>	
<p>Two members who represent organisations that represent the interests of employers</p>	<p><b>Graham Kemp</b> Executive Director Master Builders NT (MBA NT)</p>	
	<p><b>Dick Guit</b> General Manager Sitzler Pty Ltd President of the MBA NT</p>	
<p>Additional member appointed by the Minister</p>	<p><b>Craig Graham</b> Assistant Under Treasurer Northern Territory Government</p>	

## The Office

### Registrar

The CILSLB Act requires that a Registrar (who is to be an employee within the meaning of the *Public Sector Employment and Management Act*) be formally appointed by the Board for the scheme. The current Registrar for the scheme, Mr Theo Tsikouris, was formally appointed in January 2006.

The specific powers and primary functions of the Registrar are set out in the CILSLB Act. The functions of the Registrar in administering the portable long service leave scheme (provided for in section 77 of the CILSLB Act) include:

- Administering the scheme in accordance with any directions given by the Board;
- Exercising any powers or functions delegated by the Board;
- Maintaining construction worker and employer registers;
- Approving of forms to be used for the scheme; and
- Approving registrations and deregistrations for the scheme.

### Staff

Section 59 of the CILSLB Act enables the Board to engage any person to assist it in exercising its powers and performing its functions. For administrative efficiency however the Board made the decision to source employees from within the Northern Territory Public Sector rather than employ directly.

In accordance with the March 2013 Administrative Arrangements Order responsibility for the administration of the CILSLB Act is allocated to the Department of Lands, Planning and the Environment (DLPE). For administrative purposes, this means that for the reporting period ended 30 June 2013 NT Build reports direct to the Minister for Lands, Planning and the Environment. Likewise, the staff of NT Build are employees of DLPE, however under an agreed arrangement the staff of NT Build are made available to the Board on a full cost recovery arrangement.

As illustrated in the following tables, the staffing profile for NT Build as at 30 June 2013 consisted of 7 full time staff.

Table 2.2: Staffing profile as at 30 June 2013

Classification Level	At 30 June 12	
	FTE	Gender
ECO1	1	M
SAO1	1	F
AO7	1	M
AO6	3	1M, 2F
AO4	1	M
AO2	0	-
	<b>7</b>	

Table 2.3: Staffing FTE as at 30 June

As a 30 June	FTE
2013	7
2012	7
2011	6
2010	7
2009	5.5
2008	6.2
2007	7
2006	4.5

For the purpose of managing staff, the Registrar and other DLPE employees made available to the Board are engaged under the standard NT Public Sector employment arrangements. In addition, the Registrar has been provided with delegations equivalent to those applicable to an NTPS Chief Executive Officer under the provisions of the *Public Sector Employment and Management Act*, in relation to the staff of NT Build.

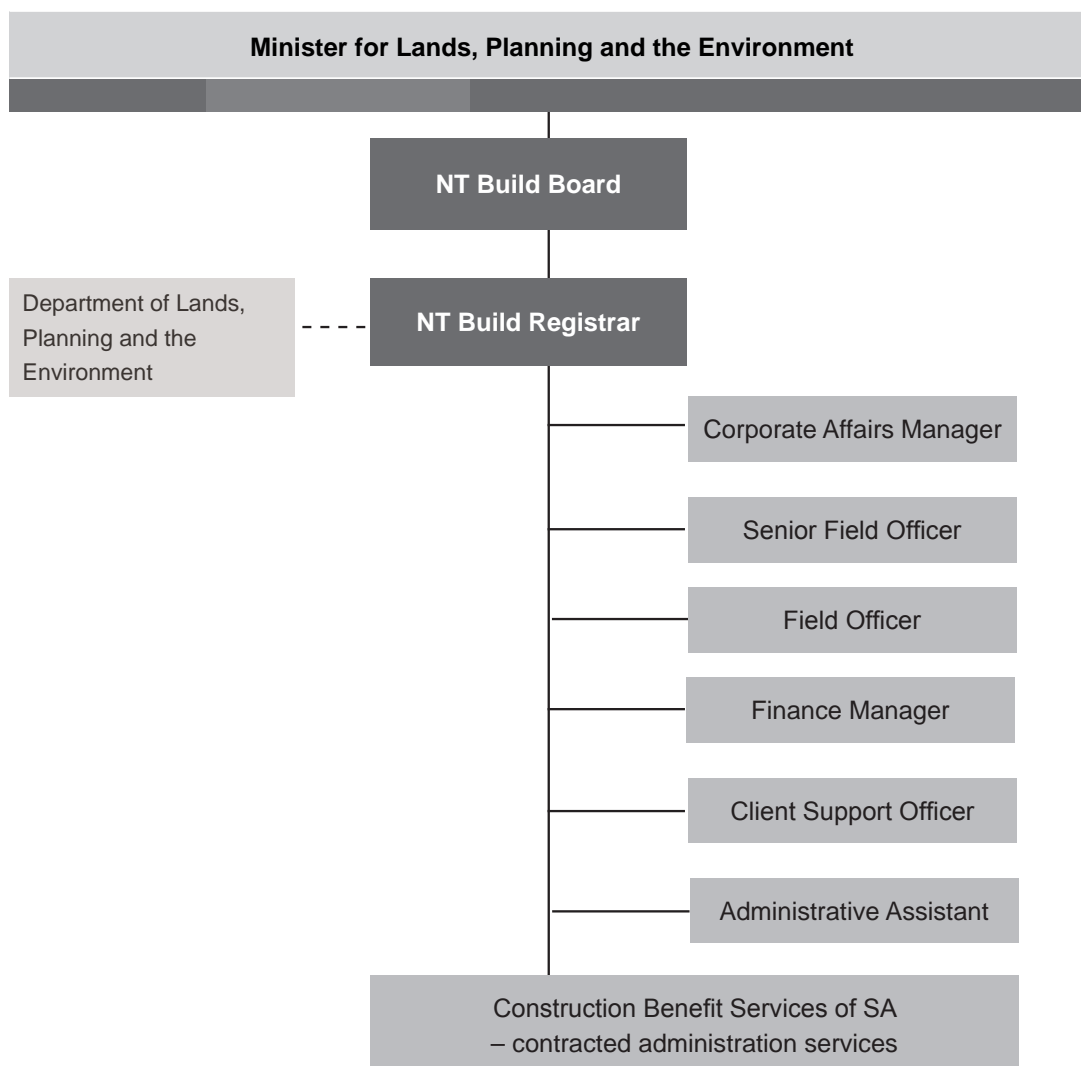
Disclosure of interests

In accordance with the Northern Territory Public Sector Code of Conduct, NT Build staff are required to disclose any financial or other interests held by them immediately upon becoming aware that a potential conflict between personal interest and official duty, whether real or apparent, has arisen or is likely to arise.

Written declarations have been submitted by all relevant NT Build staff.

**Organisation structure**

The following diagram represents the organisation structure as at 30 June 2013.



## ***Information management***

### Information Privacy and Access (FOI)

As a 'body corporate' established under Territory legislation, NT Build is an identified entity for the purpose of reporting under section 98 of the *Information Act*.

In accordance with section 98 of the *Information Act*, NT Build reported to the Information Commissioner that no requests to access information held by NT Build were received during the 2012-13 financial year.

- ***Managing Access***

NT Build strives to make information of interest available to any interested party, where such information does not interfere with the essential public interest, individual privacy or the effective operation of NT Build. In most cases, levy payers and registered workers and employers seeking access to their own information held by NT Build can obtain the information more quickly under the provisions of the CILSLB Act rather than by making an application for access under the *Information Act*.

- ***Managing Privacy and Protection***

NT Build respects the privacy of individuals and is committed to collecting, using, storing and managing personal information in a manner that complies with the Information Privacy Principles.

More information is published on our internet site at:

[http://www.ntbuild.com.au/ntbuild/info\\_privacy\\_foi.shtml](http://www.ntbuild.com.au/ntbuild/info_privacy_foi.shtml)

### Records management

Part 9 of the *Information Act* (Records and Archives Management) provides for the establishment and implementation of records management standards. Adequate records management underpins the access, correction and privacy components of the *Information Act* by ensuring that Government information (records) can be found, read and reproduced in response to requests.

Notwithstanding that NT Build is a 'body corporate' established by Territory legislation, the Department of Lands, Planning and the Environment is the agency designated under the Administrative Arrangements Order with responsibility for the general administration of the CILSLB Act.

For the purpose of Part 9 of the *Information Act*, all records relating to the administration of the CILSLB Act handled by NT Build are managed in accordance with the Department of Lands, Planning and the Environment records management framework and policies.



### Information systems

- *Office environment*

The Northern Territory Government's information technology services are managed through a number of outsourced service provision arrangements. NT Build operates within the standard Northern Territory Government information technology server environment.

In June 2013 a project to upgrade NT Build's desktop IT environment to Windows 7 and Microsoft Office 2010 Professional was completed.

- *Construction Benefits Services*

The Construction Industry Long Service Leave Board, South Australia, (CBS) continued to provide information and administration services throughout 2012-13, including the ongoing development and management of a business system to support the administration of the NT Build scheme.

- *Review of business system*

A project to identify the feasibility of upgrading the Scheme's business system, to ensure that ongoing administration costs are minimised as the Scheme grows and supports a suite of on-line and electronic business transaction services that improve processing interaction between stakeholders and NT Build, was commissioned by the Board. It is expected that the report on the outcome of the project will be completed and submitted for consideration by the Board in late 2013.

### **Communication and marketing**

Communication and marketing activities continued to play a significant role during this reporting period.

### General marketing activities

Throughout the reporting period a number of customer focused marketing activities were implemented.

These have included:

1. Advertising in newspapers and relevant industry publications and directories;
2. Conducting a television and radio advertising campaign targeting employees and labour-only contractors;
3. Maintenance of the NT Build website;
4. Production of a range of targeted customer information bulletins and fact sheets; and
5. Delivery of numerous formal and informal presentations to targeted customers, including conducting regional and local site visits and information sessions.

### 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, such as:

1. General presentations at industry forums;
2. Targeted presentations to employer and developer groups; and
3. Tailored on-site briefing sessions to employees, employers and developers.

- *Presentations to the Board*

During the reporting period seven 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, the Registrar and nominated board members participate in regular meetings with the chief executives and chairpersons of other interstate construction industry portable long service leave schemes for the purpose of exchanging ideas on scheme coverage, administrative practices, legislation, investments, and information technology.

Hosting of these meeting is managed on state/territory rotation basis. The Scheme hosted the national meeting of Chief Executive Officers of Construction Industry Portable Long Service Leave Schemes in Darwin in July 2012.

#### Revised marketing strategy

As reported in the 2011-12 Annual Report, both the scheme's actuary and the Northern Territory Auditor-General, raised concerns regarding the extend of scheme participation by eligible workers, including labour-only contractors. In response, the NT Build Board engaged the services of the local marketing and communications company Creative Territory Pty Ltd to develop and implement a public relations and marketing strategy aimed at getting more workers and labour-only contractors (subbies) in the Territory construction Industry to join NT Build.

A cornerstone of this strategy was designed to target construction workers and 'subbies' through the use of electronic media and included the use of radio and television commercials and the development of a mini-website to facilitate a simplified

on-line registration process. The "Hey mate.....Cheers mate" campaign was commenced in September 2012 and was concluded in early February 2013. Coinciding with the duration of the campaign, an increase of 663 worker registrations was recorded, although it is not possible to identify which registrations resulted directly from the campaign.

### ***Construction industry registration boards***

A one stop shop for building industry regulation was established through the agreement of the Department of Lands, Planning and the Environment (DLPE) to co-locate within the office of NT Build the DLPE Boards and Tribunals work unit, encompassing the following industry boards.

- Building Practitioners Board
- Electrical Workers and Contractors Licensing Board
- Plumbers and Drainers Licensing Board
- Northern Territory Architects Board
- Valuation Board of Review Panel

In March 2012, through a Service Level Agreement between the DLPE and NT Build, the Board endorsed a shared cost arrangement for the dual appointment of Mr Tsikouris as the Executive Officer of the DLPE Boards and Tribunals work unit.

Due to whole of government and agency specific restructuring, the DLPE did not seek to renew the service level agreement with NT Build. All industry registration board functions were repatriated and are now located in Arnhemica House in Parap.

## ***Insurance and risk management***

### Insurance

As a self funded statutory body corporate, insurance policies relating to public liability, vehicle and property damage and workers compensation have been endorsed by the Board to mitigate any financial risk to the scheme.

### Financial and internal audit services

After seven full years of operation the Board reviewed the contract arrangements for the provision of financial and audit services. During those seven years BDO Chartered Accountants and Advisers fulfilled the role, providing independent financial, accounting and taxation advice and services to NT Build. The Board and staff of NT Build acknowledge and thank BDO for their support, especially during the early period of the Scheme's establishment.

In May 2013, TDH Chartered Accounts was appointed as the new contracted financial advisers for the scheme, for a period of 36 months.

During the reporting period the following range of services were provided under the contracted consultancy arrangement.

- On-going ad-hoc general advice in regard to the accounting and taxation implications of NT Build activities.
- Preparation of annual Financial Statements for statutory auditing and reporting.
- Advice and assistance with the delivery of a compliance audit program.

### Levy compliance program

NT Build operates a 'Strategic audit and levy compliance program' to support its strategic audit framework. This framework introduced an annual audit program aimed at strengthening levy compliance and supporting the effective and efficient administration of the scheme, whereby routine audits of selected construction projects are to be conducted to ensure that levy payers are declaring and remitting the correct amount of levy that is required. All audits are undertaken by contracted external auditors.

In May 2013 the Board established a panel contract arrangement for the purpose of conducting levy compliance audits for a period of 36 months.

The final report prepared by the auditor of a compliance review, including audit findings, are submitted in full to the Board for consideration and to determine any further action.

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 the reconciled total cost of the construction project is determined to be less than \$200 000.00.

However, if the total cost of construction is determined to be more than the amount originally notified to the Board, the payer will be required to pay the additional amount of levy. Penalty interest may also be applied.

The following table provides a summary of the status of the compliance audits undertaken.

Table 2.4: Summary of the audits undertaken

	<b>B/FWD</b>	<b>STARTED</b>	<b>FINALISED</b>	<b>C/FWD</b>
2012-13	2	-	2 <sup>(a)(d)</sup>	-
2011-12	4	-	2 <sup>(a)</sup>	2
2010-11	2	4	2 <sup>(a)</sup>	4
2009-10	1	2	1 <sup>(a)</sup>	2
2008-09	-	1	-	1

- (a) = Additional levy and interest penalty payable - audited final construction cost more than reconciled project cost declared.  
 (b) = Partial levy refunded - audited final construction cost less than reconciled project cost declared.  
 (c) = Full levy refunded - audited final construction cost assessed as less than \$200 000 levy exemption amount.  
 (d) = No levy adjustment required - audited final construction cost same as reconciled project cost declared.

#### External audit

As required under the provisions of the CILSLB Act the annual statutory audit of the financial statements relating to the Board's operation for the year ending 30 June 2013 was undertaken by the NT Auditor-General.

The audited financial statements and accompanying report from the Auditor-General are included in this Annual Report.

#### Legal advice

Legal support services for NT Build are predominately provided by the Northern Territory Government Department of Justice. The Solicitor for the Northern Territory provides both general and high level advice on the interpretation and application of the CILSLB Act, including the undertaking of any prosecutions on behalf of NT Build when necessary.