



Annual Report

2006/2007



NT
BUILD

Portable long service leave
Northern Territory Construction Industry



NT Build - portable long service leave

Annual Report 2006-2007

Objective of the report

The objective of the report is to satisfy the requirements of section 68 of the *Construction Industry Long Service Leave and Benefits Act* by presenting the Minister responsible for NT Build with a summary of the activities of the Board during the 2006-2007 financial year.

It also provides the Northern Territory Legislative Assembly, government agencies, stakeholders and other interested parties with an account of the performance of NT Build during the year in relation to the activities, achievements and operations of the portable construction industry long service leave scheme.

Published by NT Build

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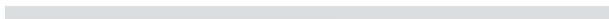
ISSN 1834-1888

ISSN 1834-190X (online version)

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Letter of transmission

The Hon. Paul Henderson MLA
Minister for Public Employment
Legislative Assembly of the Northern Territory
Darwin NT 0800

Dear Minister

RE: NT BUILD ANNUAL REPORT 2006-2007

On behalf of the NT Build Board, I am pleased to present you with the second NT Build Annual Report, for the year ending 30 June 2007.

The report details the activities and achievements of NT Build during its second year of operation and has been prepared in accordance with the provisions of Section 68 of the *Construction Industry Long Service Leave and Benefits Act* (the CILSLB Act).

I advise that, to the best of my knowledge and belief, the system of internal control within NT Build provides reasonable assurance that:

- proper accounts and records of the Board's transactions and financial affairs are kept and the financial statements included in this report have been prepared from proper accounts and records and is in accordance with the CILSLB Act;
- there are adequate controls over the incurring of the Board's liabilities ;
- all payments out of the Board's money are correctly made and properly authorised;
- adequate control is maintained over the Board's property and property in the Board's custody, control and management;
- there is no indication of fraud, malpractice, major breach of legislation or delegation, or major error in or omission from the accounts and records;
- all employment matters have been handled in accordance with *Public Sector Employment and Management Act* and the CILSLB Act, as appropriate.

As required by section 69 of the CILSLB Act, you are advised that the Auditor-General has audited NT Build's financial statements for the year ending 30 June 2007 and his comments are contained in this report.

May I also draw your attention to section 68(5) of the CILSLB Act, which requires that a copy of this Report be tabled in the Legislative Assembly within six sitting days of receipt.

Yours sincerely



BARRY CHAMBERS
Chairperson, NT Build Board

22 November 2007

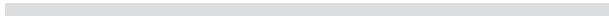


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Part 1: Introduction and overview

Chairperson's and Registrar's report

While the first year of the scheme's operation was heavily focused on its establishment and raising awareness of the scheme with workers, employers and levy payers, the 2006-2007 period has predominately been a consolidation phase.

Significant effort was devoted to developing longer term strategies aimed at improving administrative processes and supporting the ongoing financial viability of the scheme. This included adopting practices that focussed on achieving greater compliance of levy payers and developing an investment strategy.

There have been two achievements of particular note during the year relating to the sustained viability of the scheme as a result of the cash flow generated by the payment of work levies.

The first was the acquittal of the cash drawdown loan facility arranged by the NT Treasury Corporation to assist with the initial funding and establishment of the scheme. The second noteworthy achievement was the appointment of an experienced Fund Manager who commenced investing the revenue raised by the scheme. By the end of the financial year a total of \$4.2 million had been invested to cover the future liabilities of the scheme.

As a result of a further actuarial assessment it is pleasing to note that by the end of the reporting period NT Build's assets exceed its liabilities.

During the year the scheme continued to enjoy employer and worker support, achieving total registrations of 7037 workers and 204 employers by the end of 2006-2007. A further 46 benefits claims were also processed as workers reached their eligibility period.

While the high level of construction activity in the Territory provided a significant growth in levy income, the Board is conscious of the cyclical nature of the industry and maintains a conservative approach to the long term viability of the scheme.

Finally, we would like to acknowledge the continued dedication and commitment shown by the members of the Board and the staff of NT Build during this second year of operation. Their efforts have been appreciated and we look forward to their ongoing support for the year ahead.



BARRY CHAMBERS
Chairperson



THEO TSIKOURIS
Registrar

2006-2007 Highlights

- Implemented an investment program to support the ongoing financial viability of the scheme.
 - Confirmed that the scheme's assets exceeded its liabilities.
 - Contributions received from levy payers exceeded \$5 million as a result of a continued high level of activity in the construction sector.
 - Implemented revised operational practices that increased levy compliance and minimised administrative costs.
 - Recorded total registrations of 7037 workers, 204 employers, received levy payments totalling approximately \$5.3 million and made benefit payments to 46 workers.
 - Extended the service agreement for the provision of system support services with Construction Benefit Services of SA for a further 12 months.
-

2007-2008 Priorities

- Review the initial investment strategy to identify short, medium, and longer term opportunities to support the ongoing financial viability of the scheme.
 - Finalise a strategic framework that supports the effective and efficient administration of the scheme.
 - Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.
-

About the organisation

NT Build is a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act* (the CILSLB Act) which came into effect on 1 July 2005.

The purpose of the scheme as set out in the CILSLB Act is:

To provide long service leave and long service leave benefits to Territory construction workers.

The establishment of the scheme in the Northern Territory completes 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.

The scheme is administered by a Board, called NT Build, which comprises an independent Chairperson, an NT Treasury nominee and industry members nominated by the:

- Territory Construction Association;
- Housing Industry Association;
- Construction, Forestry, Mining and Energy Union; and
- Unions NT.

In addition to administering the scheme, the Board is responsible to the Minister for Public Employment for providing advice and making recommendations about the operations of the CILSLB Act.

The scheme, including staffing and operational expenses, 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.

NT Build is not an agency within the meaning of the *Financial Management Act* or the *Public Sector Employment and Management Act* and as such no general allocation of funding is provided to NT Build through the Territory Budget.

Under the Administrative Arrangements Order the Office of the Commissioner for Public Employment has been given principal responsibility for the general administration of the CILSLB Act. However, under the CILSLB Act, the Board holds the specific responsibility for the day-to-day management of the Scheme and for providing advice and making recommendations to the Minister for Public Employment about the operation of the legislation.

As noted in the 2005-06 Annual Report, the staff of NT Build are OCPE employees who are made available to NT Build under a full cost recovery arrangement agreed between the Commissioner and the Board.

The NT Build Board is responsible for expending the scheme's money and has its own financial reporting requirements. Therefore separate to the OCPE, the Board has prepared this annual report on the performance of the scheme for submission to the Minister for Public Employment.

General overview – portable long service leave scheme

Key features

The scheme enables workers in the construction industry to qualify for long service leave based on their service in the industry rather than service with the same employer. Workers can therefore work for any number of employers in the construction industry and continue to accumulate long service leave benefits.

Some key features include:

- Long service leave coverage consistent with interstate arrangements. The Northern Territory Government is party to the reciprocal arrangements agreement between all States and the Australian Capital Territory.
- Benefits are consistent with current building and construction industry and NT long service leave standards.
- The scheme is funded through an actuarially determined levy of 0.5% on eligible construction projects of at least \$200,000 in value (with some exceptions).
- The scheme is administered by a Board appointed to oversee the management of the scheme, through a local office and with the support of a contract with an established scheme administrator (Construction Industry Long Service Leave Board, South Australia).
- Employers provide returns every six months detailing the number of service days worked by their registered workers and the scheme maintains the register.

- Arrangements have been developed to prevent double counting of service and duplication of entitlements. Recognition and transfer of prior Northern Territory service is conditional upon receipt of appropriate funding and approval by the scheme.
- The scheme is statute based, subject to tripartite governance arrangements of industry, employee and independent representatives appointed by the Minister.

Workers

The scheme enables the Territory's building and construction workers to benefit from the introduction of a portable long service leave scheme based on their service to the industry rather than service with the same employer. Workers can therefore work for any number of employers in the construction industry.

The portability also extends across state borders under the National Reciprocal Agreement.

A registered worker can be credited with a maximum of 260 days of qualifying service each financial year. A total of 6.5 days long service leave credit is accrued for each 260 days.

Once a worker has accrued 65 days long service leave credit (i.e. 10 years service), they can apply for 13 weeks (i.e. 65 days) long service leave, or with the agreement of their employer, take leave in separate periods of not less than 5 days. Workers need to accrue a further 32.5 days long service leave credit before they can apply for further leave.

Registered labour-only contractors can apply to cash out their leave benefits.

Special pro rata provisions are also contained in the CILSLB Act for workers who die, retire or cease to perform construction work.

Long service leave of registered workers is paid from the fund upon application by the employee.

Coverage

To be eligible for registration under the scheme a worker must:

- be employed to carry out construction work in the Northern Territory construction industry;
- work for the private sector, i.e. not for the government (including the Territory, local, interstate or Commonwealth governments);
- not be working in an administrative, clerical, office-based managerial or professional capacity;
- spend at least 50% of their work time at the construction site for the work; and
- work a minimum of three days in any reporting period (i.e. six months).

Workers employed either full-time, part-time, as a casual or as a labour only contractor (i.e. those who have an ABN) are eligible to register.

Work undertaken on both residential and commercial construction and maintenance jobs, whether big or small, is recognised as counting towards a long service leave benefit.

Employers

As noted previously, the scheme enables workers to qualify for long service leave based on their service to the industry rather than service with the same employer. Workers can therefore work for any number of employers in the construction industry.

The scheme is funded by:

- a levy on specified construction work in the Northern Territory; and
- investment earnings.

Most employers of construction workers will therefore not have to make any financial contribution to the scheme, as this will be the obligation of project developers. However, in certain circumstances where an employee has been continuously employed by the one employer, employers may have to contribute or pay for long service leave that accrued before 1 January 2005.

Once a worker has been registered, employers are required to keep adequate records to account for any eligible workers employed and complete an employer return form twice a year advising NT Build of the number of days worked by all registered employees and any other information required by NT Build. The information provided by employers is used to update registered worker's records.

Coverage

An eligible employer under the scheme is one:

- that employs an eligible construction worker to carry-out construction work;
- that is in the private sector (i.e. is not in the Territory, local, interstate or Commonwealth government sectors);

- and
- whose usual business is to carry out or offer to carry out construction work for reward.

An employer must register with NT Build within one month of commencing to employ a construction worker who is registered with NT Build.

Alternatively, an employer who employs one or more eligible workers may elect to register their workers with NT Build for the portable long service leave scheme at the same time they register their business.

For the purpose of this scheme, construction work includes commercial, domestic, industrial and civil construction work. Construction work covers workers performing repair, maintenance, extension and demolition work, and is regardless of whether the work performed is subject to the levy liability or exempt.

Long service levy

The scheme is funded by a levy on specified construction work undertaken in the Northern Territory and investment earnings.

The current levy rate of 0.5% is based on actuarial estimates of the anticipated level of expenses and income for the scheme.

The cost of construction work is the sum total of all contract prices for the work, covering aspects such as the cost of labour, materials (including prefabricated goods and installation), equipment, design, project management, consultancy and any other cost that directly or indirectly relates to the work.

The levy is paid by the person for whom the work is to be done except where the work is to be done for the Australian Government or an interstate Government entity, in which case the contractor doing the work is liable to pay the levy.

Unless otherwise approved, the levy is payable before construction work starts at the site of the work. It is the responsibility of the person for whom the work is to be done to notify NT Build of the work prior to commencement. Interest and fines may be imposed if the levy is not paid when required. NT Build also has the power to issue an order to stop work on the project until such time as the levy payer has met their statutory responsibility.

Coverage

Unless an exemption applies, the levy is payable on all construction projects over \$200,000 in value and is calculated as a percentage of the total cost of the work.

The levy does not apply to work:

- on Class 1a(i) and Class 10(a) buildings under the Building Code of Australia (being single detached dwellings, including related private garages, carports, sheds, or the like);
- for which the total contract price for the construction work is less than \$200,000 in value; or
- undertaken for not-for-profit organisations in respect of voluntary labour and donated materials.

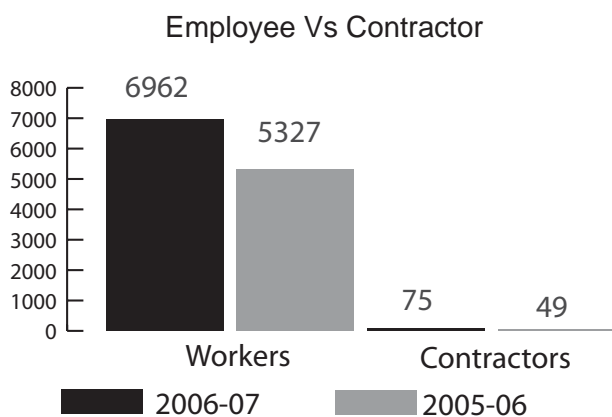
Statistical highlights

Workers

Registration numbers

The long-term forecast for numbers of worker registrations in the Northern Territory was estimated to be approximately 5000. As shown in the table and diagram below, the total number of worker registrations recorded by the scheme, in comparison with the previous reporting period, reflected an overall increase of 1661, consisting of a variance as at 30 June 2007 of 1635 employees and 26 labour-only contractors.

Total Registrations	June 07	June 06
Approved	7037	5376
Rejected	43	39



Benefit payments

During the reporting period 46 claims for long service leave benefits were received. These claims resulted in a total gross benefit payments expense of \$45,612.49 in respect of work performed in the Northern Territory. The ability to recognise service credits and make benefit payments during these early years of the scheme's operation is primarily a result of the Territory scheme being a party to the National Reciprocal Agreement.

Benefit Claims	June 07	June 06
Lodged through interstate scheme	24	7
Lodged through NT Build	22	4
Total claims lodged	46	11

Age profile

	June 07	June 06
Average age	39	38
Oldest	73	72
Youngest	15	16

Days of service reported

	July 2006 - June 2007	* Jan 2005 - June 2006
Total service days	1,471,345	1,033,255
Average per worker	209	192

*includes the additional pre commencement period for workers registered by 30 June 2006

Scheme demographic

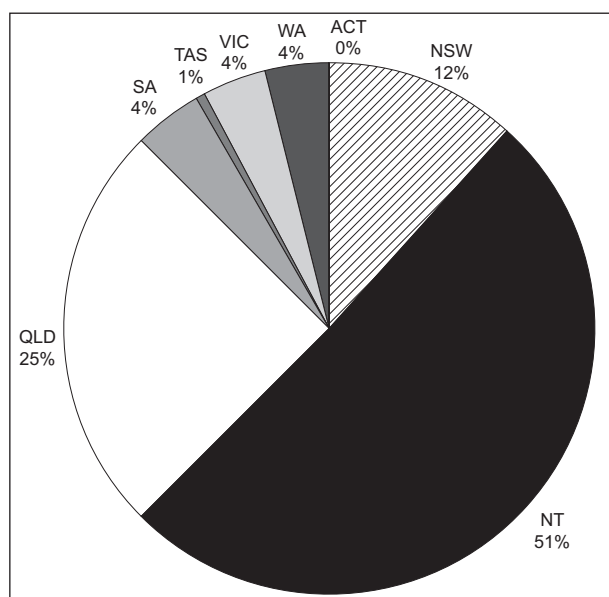
- workers by nominated contact location

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 half of the registered workers are Territory residents:

Table: No. of workers by contact location

	2006-07	2005-06	Diff.
ACT	7	4	+75%
NSW	824	649	+26.96%
NT	3579	2619	+36.65%
QLD	1751	1463	+19.69%
SA	291	236	+23.31%
TAS	47	35	+34.29%
VIC	270	189	+42.86%
WA	268	181	+48.07%
Total	7037	5376	+30.9%

Diagram: Percentage of workers by contact location - 2006/07



Employers

Registration numbers

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

Employer Registrations	June 07	June 06
*Active Registrations	204	192

* excludes previously registered employers who, at 30 June 2007, did not have any current registered workers in their employ.

Long service levy

Actuarial advice

While no provision for the scheme's liability was disclosed on the balance sheet of the Board at 30 June 2006, an estimated liability amount has been incorporated in the financial statements for this current reporting period, including a retrospective amount assessed for the previous year.

As noted in the 2005-2006 Annual Report, no amount was previously disclosed as the Board considered that the information at hand was not adequate to be able to reasonably estimate the level of the accrued liability for service in that reporting period. Included in that report was the following range of factors identified as affecting the ability to reliably measure the scheme's liability:

- as a new scheme, there was no established historical data to enable an accurate assessment of the scheme's liability;
- work exempt from payment of the levy;
- expenses estimated in administering the scheme;
- level of worker registrations and service turnover;
- range of non-levied activity for which worker benefit liability will still apply; and
- a funding period of ten years for non-levied activity.

During 2007 the Board commissioned consulting actuary Cumpston Sarjeant Pty Ltd to conduct an actuarial review based on the first 18 months of data. The results of the review indicated that while in the past, reliability of data was considered uncertain, there now appears to be a

sound basis for projecting the scheme liabilities to 30 June 2007.

On that basis, the actuary recommended that a liability for accrued long service leave benefits of \$5.46 million be adopted for accounting purposes as at 30 June 2007, as the full amount for the current and previous financial periods.

Accordingly, as noted in the Financial Statements included in this report, a provision has been disclosed on the balance sheet of the Board at 30 June 2007.

It is pleasing to note that the scheme's assets exceed the estimated liabilities.

Levy payer notifications and projects

Total Levy Payer notifications	June 07	June 06
* Active levy payers who notified of leviable construction work	167	62
Total of invoices issued equating to a levy income (approximate)	\$5.3 million	\$3.2 million

*includes payers who have notified of multiple projects undertaken.

Levy compliance

- *Section 81(b) notices*

In response to a finding and recommendation contained in the NT Auditor General's report on the administration of the scheme last financial year, a new strategy was developed and implemented to strengthen levy compliance.

The strategy aims to streamline the administrative effort required to effect successful and timely prosecution of developers who choose not to fulfil their statutory obligation by notifying NT Build of the project commencement and paying the levy.

Section 81(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. Where a levy payer fails to comply with a section 81(b) notice the person would be prosecuted for failure to comply and a court order would be sought for the person to comply with the notice and to pay costs.

- *Debt recovery*

During the reporting period the following two debt collection agents were engaged, under a panel contract arrangement to provide debt collection services to NT Build for a period of 2 years.

1. TDC (NT) Pty Ltd trading as Territory Debt Collectors and Process Servers, and
2. Bridgement Smith Holdings trading as Bridgement Smith Collections together with Top End Bailiff and Collection Service

The appointment of the debt recovery agencies is a crucial step in the effectiveness of the Section 81(b) strategy. In instances where a levy payer has complied with the section 81(b) notice but subsequently ignores a subsequent 'Notice of Determination' (issued by the Board for the purpose of deciding on the levy amount payable), the matter would be handed to a debt recovery agency for action.

Investment of funds

As noted in the Financial Statements included in this report, NT Build accumulated sufficient funds from the revenue raised from the payment of levies for the Board to commence investing.

The liabilities of NT Build will be, in the main, longer term and will be influenced by wage growth. In addition, it should be noted that NT Build is not an agency within the meaning of the *Financial Management Act* or the *Public Sector Employment and Management Act* and as such no general allocation of funding is provided to NT Build through the Territory Budget. The scheme is fully self-funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings.

This revenue is therefore used to fund payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory and to meet staffing and operational expenses.

The Board considered it appropriate to invest in both growth and interest bearing assets. During this reporting period that Board implemented an initial investment strategy aimed at supporting and sustaining the future financial viability of the scheme. The strategy embraced a conservative balance of both growth and interest bearing assets.

MLC Implemented Consulting (GWM Adviser Services) was appointed by the Board as the scheme's first Fund Manager.

By the end of the financial year a total of \$4.2 million had been invested to cover the future liabilities of the scheme.

Further detail regarding the performance of the scheme's invested funds is provided in the Financial Statements included in this report.

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. The membership of the NT Build Board is outlined on the opposite page.

All current Board members commenced their appointment on 1 July 2005 and are able to hold office for up to five years.

Conducting business

Meetings

During this reporting period the Board convened a total of 16 times, including 7 regular meetings and 9 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 2006*, 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 16 meetings of the Board, 95 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

One new policy decision, which related to the revised weekly benefit level, was resolved during the financial year. All policies are intended as a guide only and are not intended to bind the Board to any particular action or decision affecting the operation of the portable long service leave scheme.

Copies of all policies are published on the website at: www.ntbuild.com.au

Independent Chairperson	Ministerial nominee as independent chairperson	
Two Members who represent organisations that represent the interests of employees	Barry Chambers Retired NT Public Sector employee, Former chief executive officer of NT infrastructure agencies	
	Nominee for the Construction, Forestry, Mining and Energy Union (CFMEU) Joe Gallagher Marketing and Communications Officer Construction and Building Industry Super (CBus)	
Two Members who represent organisations that represent the interests of employers	Nominee for Unions NT Alan Paton NT Organiser, Communications, Electrical and Plumbing Union (CEPU)	
	Nominee for the Housing Industry Association (HIA) Graham Kemp HIA Northern Territory Manager Nominee for the Territory Construction Association (TCA) Dick Guit Northern Territory Manager, Laing O'Rourke Australia Construction Pty Ltd, Vice-President of the TCA	
Additional Member appointed by the Minister	Nominee for the Northern Territory Government, NT Treasury Tony Stubbin Assistant Under Treasurer (Economics)	

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 2007.

Reconsiderations/reviews

Under 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. No applications for formal reconsideration were lodged during the reporting period.

Similarly, 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.

No applications for a formal review were lodged during the 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 submitted initial written declarations 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.

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.

Functions and powers

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, the Board made the decision to source employees from within the Northern Territory Public Sector rather than employ directly. The staff of NT Build are therefore employees of the Office of the Commissioner for Public Employment (OCPE) who have

been made available to the Board on a full cost recovery arrangement agreed between the Commissioner for Public Employment (CPE) and the NT Build Board.

For the purpose of managing staff, the Registrar and other OCPE 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.

Staffing profile as at 30 June 2007

Classification Level	2007 FTE	2006 FTE	Diff.	Gender
ECO1	1	1	=	M
AO8	1	1	=	F
AO6	3	1.5	+1.5	2 F, 1 M
AO4	1	1	=	F
AO1	1	0	+1	F
	7	4.5	+2.5	

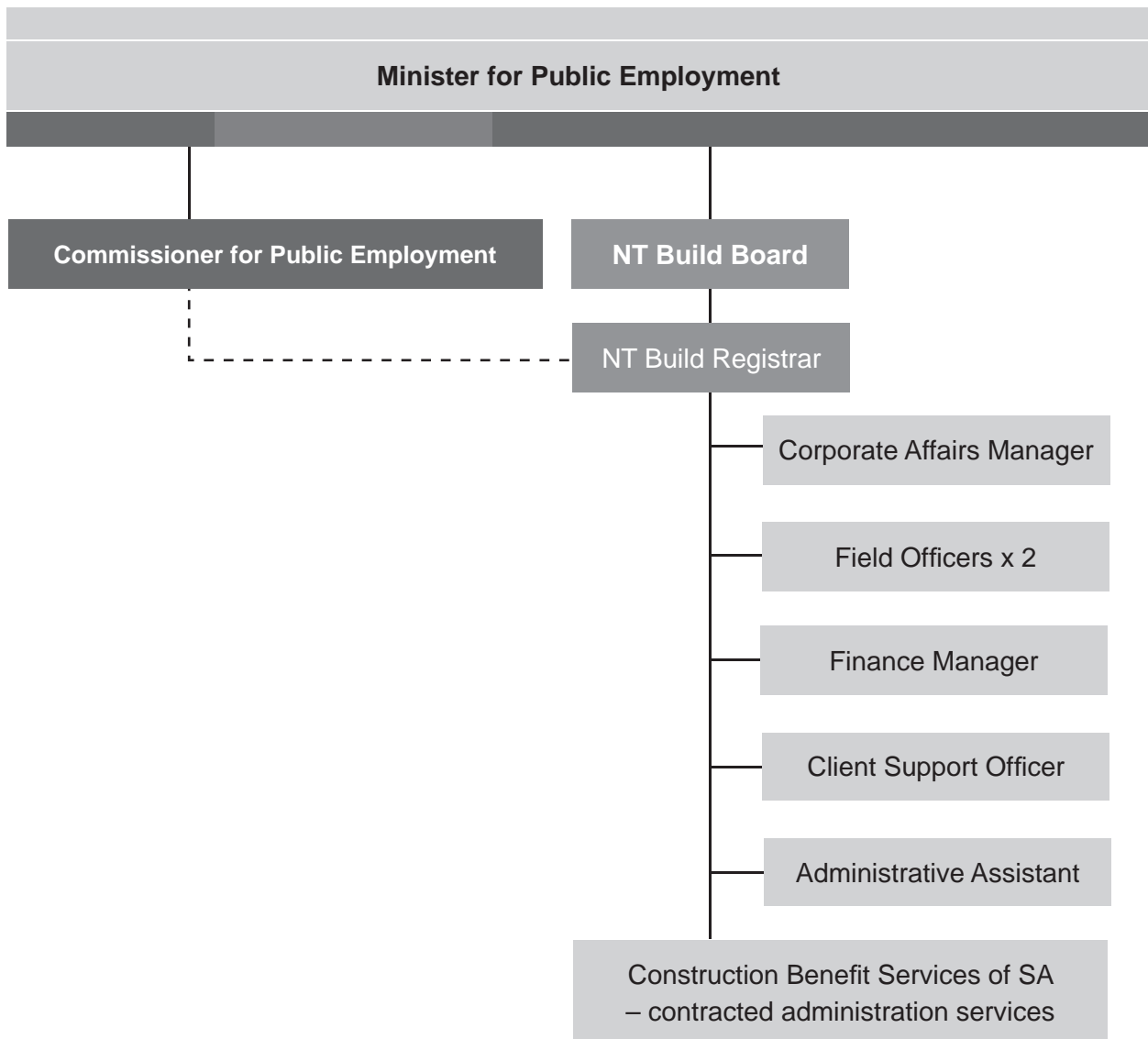
Disclosure of interests

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 chart

The following diagram represents the organisation structure as at 30 June 2007.



Information management

Information Privacy and Access (FOI)

As a 'body corporate' established under Territory legislation, the 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 2006-2007 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*.

More information is published on our internet site at:

http://www.ntbuild.com.au/ntbuild/info_privacy_foi.shtml

- *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.

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 Office of the Commissioner for Public Employment (OCPE) is the agency designated under the Administrative Arrangements Order with responsibility for the general administration of the CILSLB Act.

Therefore, 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 OCPE 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.

- *Construction Benefits Services*
The Construction Industry Long Service Leave Board, South Australia, (CBS) continued to provide information and administration services throughout 2006-2007, including the ongoing development and management of a business system to support the administration of the NT Build scheme.

Communication and marketing

Communication and marketing activities continued to play a significant role during the second year of operation of the scheme.

General marketing activities

Throughout the reporting period a number of customer focused marketing activities were implemented. These have included:

- Advertising in newspapers and relevant industry publications and directories;
- Maintenance of the NT Build website;
- Production of a range of targeted customer information bulletins and fact sheets; and
- 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 two 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 schemes for the purpose of exchanging ideas on scheme coverage, administrative practices, legislation, investments, and information technology.

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.

Internal audit

As the contracted financial advisers for the scheme, BDO Kendalls Chartered Accountants and Advisers continued to provide NT Build with independent financial, accounting and taxation advice and services.

During the reporting period the following range of services were provided by BDO under the consultancy agreement.

1. On-going ad-hoc general advice in regard to the accounting and taxation implications of NT Build activities.
 2. Preparation of annual Financial Statements for statutory auditing and reporting.
-

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 2007 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

NT Build has established a relationship with the Department of Justice for the provision of legal support services. 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.

Part 3 Financial accountability

Financial Statements for year ended 30 June 2007

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Board members' declaration

The members of the board of NT Build declare that, in their opinion:

1. The financial statements and notes, as set out on pages 29 to 48:
 - a) comply with the Australian Accounting Standards and other mandatory financial reporting requirements in Australia and the *Construction Industry Long Service Leave and Benefits Act*, and
 - b) give a true and fair view of the Board's financial position as at 30 June 2007 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the Members of the Board's opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board and is signed for and on behalf of the Board of NT Build.



Board Member: TONY STUBBIN



Board Member: DICK GUIT

Dated: 15 November 2007

Independent auditor's report



AUDITOR-GENERAL

INDEPENDENT AUDITOR'S REPORT TO THE BOARD NT BUILD YEAR ENDED 30 JUNE 2007

Page 1 of 2

I have audited the accompanying financial report of NT Build, which comprises the income statement, balance sheet, statement of changes in equity and statement of cash flows and accompanying notes to the financial statements for the year ended 30 June 2007.

The Responsibility of the Board for the Financial Report

The Board of NT Build is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. These Auditing Standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Qualification

The statutory obligation to notify NT Build of the commencement of a project rests with the developer. NT Build has implemented a number of mechanisms to help monitor compliance and identify leviable projects and consequently those liable to pay the levy, including monitoring projects where building permits under the *Building Act* are issued. It is noted that not all types of construction work carried out in the Territory requires a building permit.

Due to the nature of the approval process within the Northern Territory construction industry, there exists some uncertainty regarding the ability of NT Build to identify all construction and maintenance projects that fall within the scope of the *Construction Industry Long Service Leave and Benefits Act*. As such, I am unable to satisfy myself as to the completeness of the \$5,253,545 disclosed as 'Contributions from levy payers' in the income statement.



AUDITOR-GENERAL

Page 2 of 2

Qualified Audit Opinion

In my opinion, except for the effects on the financial report of the matter referred to in the qualification paragraph, the financial report presents fairly, in all material respects, the financial position of NT Build as of 30 June 2007, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations).

A handwritten signature in black ink, appearing to read 'F. McGuinness'.

F McGuinness
Auditor-General for the Northern Territory
Darwin, Northern Territory

20 November 2007

Income statement for the year ended 30 June 2007

	Note	2007 \$	2006 \$
REVENUE			
Contributions from levy payers		5,253,545	3,219,927
Income from Investments	2	270,628	41,614
Assets acquired at no cost		-	67,825
TOTAL REVENUE FROM ORDINARY ACTIVITIES		5,524,173	3,329,366
EXPENSES FROM ORDINARY ACTIVITIES			
Amortisation	3(a)	59,410	59,410
Depreciation	3(a)	13,469	72,265
Fees and allowances	3(b)	31,628	48,533
Long service leave benefit payments		151,879	24,900
Long service scheme expense - current	11	2,860,000	-
Long service scheme expense - prior year	11	2,600,000	-
Occupancy costs		76,936	77,710
Employee expenses		506,362	325,864
Other expenses from ordinary activities		415,429	360,374
TOTAL EXPENSES FROM ORDINARY ACTIVITIES		6,715,113	969,056
Net Surplus (Deficit)		(1,190,940)	2,360,310
Net Assets (Liabilities) available for accrued benefits at beginning of the year		2,360,310	-
Net Assets (Liabilities) available for accrued benefits at end of the year		1,169,370	2,360,310

Notes 1 to 15 forming part of the financial statements are attached

Balance sheet as at 30 June 2007

	Note	2007 \$	2006 \$
CURRENT ASSETS			
Cash assets	4	941,579	2,109,554
Receivables	6	1,532,771	660,141
Other financial assets - Investments	7	4,326,563	-
Other assets		-	-
TOTAL CURRENT ASSETS		6,800,914	2,769,695
NON-CURRENT ASSETS			
Property, plant & equipment	8	231,915	297,842
TOTAL NON-CURRENT ASSETS		231,915	297,842
TOTAL ASSETS		7,032,829	3,067,537
CURRENT LIABILITIES			
Payables	9	106,592	110,360
Provision for scheme liabilities	11	450,000	-
Interest bearing liabilities	10	-	300,000
TOTAL CURRENT LIABILITIES		556,592	410,360
NON-CURRENT LIABILITIES			
Provision for scheme liabilities	11	5,010,000	-
TOTAL NON-CURRENT LIABILITIES		5,010,000	-
TOTAL LIABILITIES		5,566,592	410,360
NET ASSETS		1,466,237	2,657,177
EQUITY			
Implementation Funding		296,867	296,867
Retained surplus		1,169,370	2,360,310
TOTAL EQUITY		1,466,237	2,657,177
Capital and leasing commitments	15		

Notes 1 to 15 forming part of the financial statements are attached

Statement of changes in equity for the year ended 30 June 2007

	Note	Retained Surplus \$	Other Reserves \$	Total \$
At 1 July 2005				
Implementation Funding		-	296,867	296,867
Net surplus (Deficit)		2,360,310	-	2,360,310
As at 30 June 2006				
Net surplus (Deficit)		(1,190,940)		(1,190,940)
At 30 June 2007				
		1,169,370	296,867	1,466,237

Notes 1 to 15 forming part of the financial statements are attached

Cash flow statement for the year ended 30 June 2007

	Note	2007 \$	2006 \$
Cash flows From Operating Activities:			
Contributions from levy payers		4,380,914	2,559,786
Payments to suppliers and employees		(1,201,057)	(767,896)
Income received from investments		164,024	41,614
Interest paid		(4,905)	(18,534)
Net Cash provided by (used in) operating activities	5(b)	3,338,977	1,814,970
Cash flows From Investing Activities:			
Payment for property, plant and equipment		(6,952)	(5,416)
Payment for investments		(4,200,000)	-
Net cash provided by (used in) investing activities		(4,206,952)	(5,416)
Cash flows From Financing Activities:			
Proceeds from borrowings			300,000
Repayment of borrowings		(300,000)	-
Net cash provided by (used in) financing activities		(300,000)	300,000
Net increase (decrease) in cash		(1,167,975)	2,109,554
Cash at the beginning of the financial period		2,109,554	-
Cash at the end of the financial period	5(a)	941,579	2,109,554

Notes 1 to 15 forming part of the financial statements are attached

Notes to and forming part of the financial statements

30 June 2007

Note 1: Statement of Accounting Policies.

(a) The reporting entity

NT Build has its principal office at Charlton Court, Stuart Park, NT 0820. The entity was established in 2005 under the Northern Territory *Construction Industry Long Service Leave and Benefits Act* and it administers this Act which provides a portable long service benefits scheme to building and construction workers in the NT.

(b) Basis of accounting

The financial report is a general purpose financial report which has been prepared in accordance with the requirements of the Australian Accounting Standards, including Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

The accounts have been prepared on an accruals basis and are based on historical cost convention and have not been adjusted to take into account changing money values or current valuations of non-current assets and their impact on the operating results.

(c) Property, plant and equipment

Property, plant and equipment is initially valued at cost in accordance with AASB 116. Where an item of property, plant and equipment is acquired for no or nominal consideration, the item's fair value at acquisition date is deemed as its cost. Subsequent to initial recognition, each class is carried at cost or fair value, where applicable, less any accumulated depreciation and impairment losses. The carrying amount of property, plant and equipment is reviewed annually by the Board to ensure that it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of remaining service potential from the assets employment.

(d) Depreciation

Depreciation of plant and equipment is provided on a straight line basis over the estimated useful life of the asset. Leasehold improvements are depreciated over the shorter of either the unexpired period of lease or estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Asset	Depreciation Rate
Leasehold improvements	20%
Furniture and fixtures	10%
Field and office equipment	20%
Computer equipment	33.30%
Computer software	33.30%

The assets' residual values and useful lives are reviewed and adjusted if appropriate at each balance sheet date.

(e) Leases

The Board is not a party to any finance lease. Existing operating leases relate to leasing premises at Charlton Court, Stuart Park. Operating leases are expensed in the periods in which they are incurred.

(f) Income tax

As a public authority constituted under a law of the Northern Territory the income of the Board is exempt from income tax under section 50-25 of the *Income Tax Assessment Act 1997* and no charge for income tax expense is required.

(g) Revenue

Revenue is recognised when the Board has control of the goods or the right to receive it, and it is probable that the economic benefits will flow to the Board and the amount of revenue can be measured reliably.

Operating revenue represents revenue from long service levy income and investment income, which are recognised as they accrue.

Gains and losses on investments are calculated as the difference between the net market value at sale, or at the year end, and the net market value at the previous valuation point. This includes both realised gains and losses and unrealised gains and losses.

(h) Long service levy

The long service levy rate is 0.5% of the cost of building and construction work costing \$200,000 or more.

The levy does not apply to work:

- On single detached dwellings, including related private garages, carports, sheds or the like:
- For which the total contract price for the construction work is less than \$200,000 in value; or
- Undertaken for not for profit organisations in respect of voluntary labour and donated materials.

continued: Notes to and forming part of the financial statements - 30 June 2007

(i) Employee long service leave

(i) Long Service Leave Benefits Expense

Employees and contractors who are registered with the Board accrue 13 weeks (3 months) long service leave after 10 years' service in the building and construction industry for service after 1 July 2005. Workers receive credit of 1 year's service for each 260 days worked.

Leave may be claimed after the employee or contractor has been credited with a total of 65 days of long service leave for the first time or they have been credited with 32.5 days of additional long service credits after the employee or contractor was credited with 65 days of long service leave.

(ii) Accrued Long Service Leave Benefits Liability

The provision for accrued long service leave benefits is determined as the present value of all future payments which arise from the service of all eligible workers up to the balance date. The stated amount has been calculated by the Board's actuary using an actuarial valuation method that takes into account assumptions or rates of departure from the industry, mortality rates, increases in wages and rates of return on investment. The current portion of the liability is calculated as an expectation of benefits likely to be paid over the next twelve months based on experience of benefit payments from industry trends.

(j) Accounting for Goods and Service Tax

Revenues, expenses are recognised net of the amount of GST, except where:

The amount of GST incurred by the Board as a purchaser that is not recoverable from Australian Taxation Office (ATO) is recognised as part of the cost of acquisition of an asset or as part of an item of expense;

- receivables and payables are stated with the amount of GST included; and
- the GST component of cash flows arising from investing and financing activities that is recoverable from, or payable to, the ATO is classified as operating cash flows.

(k) Trade and Other Creditors

These amounts represent unpaid liabilities for goods received by and services provided to the entity prior to the end of the financial year. The amounts are unsecured and are normally settled within 30 days.

(l) Cash

For the purposes of the Cash Flow Statement, cash includes cash on hand and in banks, deposits at call and money market investments which are readily convertible into cash.

(m) Financial Instruments

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights and obligations exist. Subsequent to initial recognition these instruments are measured as set out below:

Financial Assets

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Held-to-maturity investments

These investments have fixed maturities, and it is the Board's intention to hold these investments to maturity. Any held-to-maturity investments are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities, including loans and borrowings, are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arms length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the directors assess whether there is objective evidence that a financial instrument has been impaired. In the case of "available-for-sale" financial assets, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

continued: Notes to and forming part of the financial statements - 30 June 2007

	2007	2006
	\$	\$
Note 2		
INCOME FROM INVESTMENTS		
Interest received - Bank deposits	142,342	41,614
Investment income	17,685	-
Movement in equity investments	106,603	-
Other	3,998	-
	<u>270,628</u>	<u>41,614</u>
Note 3		
SURPLUS FROM ORDINARY ACTIVITIES		
3(a) Depreciation of non-current assets		
- buildings	59,410	59,410
- property, plant and equipment	13,469	12,855
Total depreciation	<u>72,879</u>	<u>72,265</u>
3(b) Fees and Allowances		
- board members' fees	31,628	48,533
- other allowances	-	-
	<u>31,628</u>	<u>48,533</u>

continued: Notes to and forming part of the financial statements - 30 June 2007

	2007	2006
	\$	\$
Note 4 CASH ASSETS		
Cash on hand	200	200
Cash deposits with banks	941,379	2,109,354
	941,579	2,109,554
Note 5 RECONCILIATION OF CASH		
(a) Cash at the end of the financial period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet as follows:		
Cash on hand	200	200
Cash deposits with banks	941,379	2,109,354
Balance per statement of cash flows	941,579	2,109,554
(b) Reconciliation of cash flow from operations with Net Surplus (Deficit)		
Net Surplus (Deficit)	(1,190,940)	2,360,310
Depreciation and amortisation	72,879	72,265
Assets acquired at no cost	-	(67,825)
Movement in Market Value of Investments	(106,603)	-
Scheme liability expenses	5,460,000	-
Changes in assets and liabilities (Increase)/decrease in trade & term debtors	(892,591)	(660,140)
Increase/(decrease) in trade creditors and accruals	(3,768)	110,360
Cash flows from operations	3,338,977	1,814,970
(c) Loan facilities		
Loan facilities with NT Treasury	1,500,000	1,500,000
Amount utilised	-	300,000
Unused loan facility	1,500,000	1,200,000

continued: Notes to and forming part of the financial statements - 30 June 2007

		2007	2006
		\$	\$
Note 6	RECEIVABLES		
	CURRENT		
	Levy debtors	591,530	307,162
	Provision for doubtful debts	-	-
		<u>591,530</u>	<u>307,162</u>
	Other debtors	37,728	1,890
	Provision for doubtful debts	-	-
		<u>37,728</u>	<u>1,890</u>
	Accrued industry contributions	903,514	351,089
	Accrued investment income	-	-
	Total Current Receivables	<u>1,532,771</u>	<u>660,141</u>
Note 7	OTHER FINANCIAL ASSETS - INVESTMENTS		
	MLC (NCIT) Moderate Trust	4,326,563	-
		<u>4,326,563</u>	<u>-</u>
	The Actual asset allocation of the investment portfolio at the balance date was:		
	-Australian Shares	32%	-
	-Global Shares	34%	-
	-Bonds	30%	-
	-Property Securities	4%	-

continued: Notes to and forming part of the financial statements - 30 June 2007

	2007 \$	2006 \$
Note 8 PROPERTY, PLANT & EQUIPMENT		
(a) LAND AND BUILDINGS		
Leasehold		
Leasehold improvements		
At cost	297,052	297,052
Less accumulated depreciation	(118,820)	(59,410)
	178,232	237,642
Plant and Equipment		
Plant and equipment		
At cost	44,645	44,645
Less accumulated depreciation	(18,782)	(9,315)
	25,863	35,330
Furniture and fittings		
At cost	30,720	23,768
Less accumulated depreciation	(4,447)	(1,992)
	26,273	21,776
Software		
At cost	4,642	4,642
Less accumulated depreciation	(3,095)	(1,548)
	1,547	3,094
Total Owned Plant and Equipment	53,683	60,200
Total Property, Plant and Equipment	231,915	297,842

continued: Notes to and forming part of the financial statements - 30 June 2007

Note 8 PROPERTY, PLANT & EQUIPMENT (Cont'd)

(b) Movements in carrying values

Movements in the carrying values of each class of property, plant and equipment between the beginning and end of the financial year:

	Leasehold Improvements \$	Plant & equipment \$	Furniture & fittings \$	Software \$	Total \$
Balance at the beginning of year	237,642	35,330	21,776	3,094	297,841
Additions	-	-	6,952	-	6,952
Disposals	-	-	-	-	-
Depreciation	(59,410)	(9,467)	(2,455)	(1,547)	72,879
Carrying value at end of year	178,232	25,863	26,273	1,547	231,914

continued: Notes to and forming part of the financial statements - 30 June 2007

	2007 \$	2006 \$
Note 9 PAYABLES CURRENT		
Other creditors and accruals - other entities	106,592	117,710
GST payable	-	(7,350)
	106,592	110,360
Note 10 INTEREST BEARING LIABILITIES CURRENT		
Loan from NT Treasury	-	300,000

The loan, with a variable interest rate of 6.1233% per annum, is part of a draw down facility arranged by the NT Treasury to help fund the Board's working capital requirements. The upper limit of the drawdown facility is \$1.5 million.

Note 11 PROVISIONS FOR SCHEME LIABILITIES CURRENT		
Accrued long service leave benefits	450,000	-
NON-CURRENT		
Scheme liabilities - current year	2,860,000	-
Scheme liabilities - prior year	2,600,000	-
Less: Current portion of scheme liabilities	(450,000)	-
	5,010,000	-

- (a) The NT Build Long Service Leave liability valuation was carried out on 30 August by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2007.

In performing the valuation the following assumptions were made by the Actuary:

- 25% of service credits will be abandoned;
- the average period until payment will be 9 years
- a discount rate of 6.25% and a salary growth rate of 4.5%.

continued: Notes to and forming part of the financial statements - 30 June 2007

The discount rate was determined based on the prevailing Commonwealth bond rate at 30 June 2007, as required by AASB 119, Employee Benefits. The salary growth rate of 4.5% per annum is consistent with NT Treasury's expectations for future salary growth in the Territory, and is consistent with external forecasts.

- (b) An initial review was undertaken by Cumpston Sarjeant Pty Ltd, Consulting Actuaries in the previous year. The actuary's best estimate of the liability to provide Long Service Leave benefits for services to 30 June 2006 was approximately \$2.6 million. No provision was disclosed in the balance sheet at that point as the Board determined that there was inadequate information at hand to be able to reasonably estimate the level of accrued liability for the service. However, for the 2006/07 financial year, the Board believe, based on the Actuary's advice, there is a degree of confidence on the estimated amount of scheme liabilities. Therefore, they have included these figures in the current year.

Note 12 RELATED PARTY TRANSACTIONS

(i) Board Members

The names of the members of the Board who held office during the year are Mr Barry Chambers (Chairperson), Mr Joe Gallagher, Mr Dick Guit, Mr Graham Kemp, Mr Alan Paton and Mr Tony Stubbin.

As a Northern Territory Public Sector employee, Mr Stubbin does not receive remuneration payment in respect of his role as a Board Member.

(ii) Attendance of Meetings

Name	Eligible Meetings*	Meetings Attended
Barry Chambers	16	12
Joe Gallagher	16	14
Dick Guit	16	12
Graham Kemp	16	15
Alan Paton	16	12
Tony Stubbin	16	15

*Includes scheduled and out of session board meetings

continued: Notes to and forming part of the financial statements - 30 June 2007

Note 13 SEGMENT REPORTING

The Board administers the scheme of long service leave benefits established by the *Construction Industry Long Service Leave and Benefits Act* in respect to employees and contractors engaged in the building and construction industry of the Northern Territory.

Note 14 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

The Board's accounting policies, including the terms and conditions of each class of financial asset, financial liability and equity instrument at the balance date are as follows:

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
<i>(i) Financial Assets</i>		
Receivables	Debtors are carried at nominal amounts due less any provision for doubtful debts. Accrued income is carried at the amount of income earned at balance date but not yet received.	Debtors are generally collected within 60 days. Terms and conditions for accrued income vary depending on the underlying investment.
Commercial investments and bank deposit	Carried at the nominal amount invested	Deposits are at call and interest rates are variable.

continued: Notes to and forming part of the financial statements - 30 June 2007

Note 14 FINANCIAL INSTRUMENTS

(a) Terms, Conditions and Accounting Policies

Recognised Financial Instruments	Accounting Policies	Terms and Conditions
Equity trusts and listed shares	Carried at market value. Any movement in market value from period to period is recognised in the income and expenditure statement in the period it occurs.	Equity trusts are redeemable at call. Listed shares are not subject to special terms or conditions and may be sold at any time.
(ii) Financial Liabilities		
Payables	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the entity.	Trade creditors are normally settled on 30 day terms.
Long service leave payments owing	Liabilities are recognised for amounts to be paid upon receipt of a claim or a date specified by the claimant.	Claims are paid as leave is taken, or soon thereafter.
Accrued long service leave benefits	The liability recognised is the actuarial assessment of the present value of expected future payments which arise from the service of eligible workers.	The benefits are paid as leave is taken, or soon thereafter.

continued: Notes to and forming part of the financial statements - 30 June 2007

Note 14 FINANCIAL INSTRUMENTS

(b) Net Fair Values

Financial assets and financial liabilities are carried at their net fair value at balance date. The carrying value of the Board's financial assets and financial liabilities has been disclosed in part (d) of this note.

The following methods and assumptions are used to determine the net fair value of financial assets and liabilities:

Recognised financial instruments

- * *Cash, cash equivalents, short term investments and receivables:* The carrying amount approximates to fair value because of their short term to maturity.
- * *Equity trusts and listed shares:* The carrying amount approximates to fair value because the investments are carried at market value.
- * *Payables:* The carrying amount approximates to fair value.

Unrecognised financial instruments

There are no unrecognised financial instruments.

(c) Credit Risk Exposure

The credit risk on financial assets of the Board is generally the carrying amount net of any provision for doubtful debts. The Board is not exposed to any concentrations of credit risk because the Board undertakes transactions with a large number of members within the construction industry.

(d) Interest Rate Exposure

The exposure to interest rate risk and the effective weighted average interest rate, where applicable, for each class of financial asset and financial liability is set out below:

continued: Notes to and forming part of the financial statements - 30 June 2007

Note 14 FINANCIAL INSTRUMENTS

	Rate	Floating Interest Rate		Non Interest Bearing		Total	
		2007 \$	2006 \$	2007 \$	2006 \$	2007 \$	2006 \$
Financial Assets							
Cash		-	-	200	200	200	200
Bank deposits	5.98%	941,379	2,109,354	-	-	941,379	2,109,354
Commercial investments		-	-	-	-	-	-
Receivables		-	-	1,532,771	660,141	1,532,771	660,141
Equity Trusts & Listed Shares	16.6%	4,326,563	-	-	-	4,326,563	-
		5,267,943	2,109,354	1,532,971	660,341	6,800,914	2,769,695
Financial Liabilities							
Payables		-	-	106,592	110,360	106,592	110,360
Interest bearing liabilities		-	-	-	-	-	-
Provisions		-	-	-	-	-	-
		-	-	106,592	110,360	106,592	110,360
Net financial assets						6,694,322	2,659,335

continued: Notes to and forming part of the financial statements - 30 June 2007

Note 15 CAPITAL AND LEASING COMMITMENTS

	2007	2006
	\$	\$
Operating Lease Commitments		
Payable:		
One year or less	67,166	69,365
Later than one year and not later than five years	134,359	270,308
Later than five years	-	-
Total operating lease commitments payable	201,525	339,673

Non cancellable operating lease commitments include:

-Leases of computer equipment and motor vehicles with various terms, with rental payable monthly in advance.

Interstate schemes

Australia Capital Territory

ACT Construction Industry Long Service Leave Board

71 Constitution Ave
Campbell ACT 2612
Tel: (02) 6247 3900
Fax: (02) 6257 5058
Email: lslbact@actlslb.act.gov.au
Web: www.actlslb.act.gov.au

Queensland

QLeave

Level 4
Centro Lutwyche
543 Lutwyche Road
Queensland 4030
Tel: (07) 3212 6811
Fax: (07) 3212 6844
Email: member.services@qleave.qld.gov.au
Web: www.qleave.qld.gov.au

Tasmania

TasBuild

Level 1
115 Central Avenue
Derwent Park TAS 7009
Tel: (03) 6233 7670
Fax: (03) 6233 7224
Email: secretary@tasbuild.com.au
Web: www.tasbuild.com.au

Western Australia

Construction Industry Long Service Leave Payments Board

1st Floor, 26 Colin Street, West Perth.
(Corner of Colin and Ord Streets)
Tel: (08) 9476 5400
Fax: (08) 9321 5404
Email: lslstaff@walslboard.com.au
Web: www.lslboard.com.au

New South Wales

Long Service Payments Corporation

Ground Floor
Corner Baker & Donnison Streets
GOSFORD NSW 2250
Tel: 13 14 41
Fax: (02) 9287 5685
Email: info@lspc.nsw.gov.au
Web: www.lspc.nsw.gov.au

South Australia

Construction Benefit Services

1st Floor
83 Greenhill Road,
Wayville SA 5034
Tel: (08) 8271 1222
Fax: (08) 8373 2740
Email: enquiries@cbserve.com.au
Web: www.cbserve.com.au

Victoria

ColInvest

478 Albert St
East Melbourne Vic 3002
Tel: (03) 9664 7677
Fax: (03) 9663 7088
Email: info@coinvest.com.au
Web: www.coinvest.com.au



NT Build – portable long service leave

Street: Units 32-33 / 12 Charlton Court, Stuart Park (Woolner) NT 0820
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Office phone: (08) 8923 9300
Fax: (08) 8923 9318
Email: info@ntbuild.com.au
Web: www.ntbuild.com.au
ABN: 16 851 173 952