

NT Build - portable long service leave

Annual Report 2010-11

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 2010-11 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.

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Letter of transmission

The Hon. Gerald McCarthy MLA
Minister for Lands and Planning
Legislative Assembly of the Northern Territory
Darwin NT 0800

Dear Minister

RE: NT BUILD ANNUAL REPORT 2010-11

On behalf of the NT Build Board, I am pleased to present you with the sixth NT Build Annual Report, for the year ending 30 June 2011.

The report details the activities and achievements of NT Build during its sixth 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 are 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 2011 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

21 November 2011

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Part 1: Introduction and overview

Chairperson's and Registrar's report

The 2010-11 reporting period remained a time of continued consolidation for the scheme which has now completed six years of operation.

During the year the scheme continued to enjoy strong employer and worker support, achieving total active registrations of 9641 workers and 256 employers as at 30 June 2011. A further 119 benefit claims (totalling 494 since the scheme commenced) were also processed as workers became eligible, largely due to the National Reciprocal Agreement.

The levy rate for 2010-11 remained at 0.4%, as a result of the NT Government's decision in 2009 to apply a 20% reduction in the levy, from 0.5% to 0.4% for two years. While the reduction continued to have an impact on the scheme's income this impact was minor. Construction activity in the Territory increased slightly during this reporting period resulting in an overall increase in levy income, up by \$1.9 million in comparison to the previous year.

In response to the ongoing economic uncertainty of the post-global financial crisis and the cyclical nature of the construction industry, the Board continued to closely monitor and refine its investment strategy to ensure any adverse exposure of its investments was minimised throughout the reporting period. The scheme's conservative investment portfolio remains well positioned to meet its growing liabilities.

The ageing of the scheme and the steady registration of active workers also saw the estimated accumulated liabilities for the scheme grow to \$21 million as at 30 June 2011. While this represents an increase of \$3.6 million from the previous reporting period it is pleasing to note that the scheme's assets continue to cover its estimated liabilities. However it is believed many workers are not yet registered with the scheme and therefore any significant increase in registrations would see an increase in the scheme's liabilities without attracting any additional levy income.

In light of the actual and predicted solid performance of the scheme the NT Government made a decision in June 2011 to retain the levy at 0.4%, and not to revert back to the 0.5% rate in 2011-12.

We also take this opportunity to acknowledge the continued dedication and commitment of the members of the Board and the staff of NT Build during this sixth year of operation and we look forward to their continued support.



BARRY CHAMBERS
Chairperson



THEOTSIKOURIS
Registrar

2010-11 Highlights

- Retention of the levy at the 0.4% rate effective from 15 June 2011 (originally reduced from 0.5% on 1 July 2009 for a two year temporary period).
- Continued to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Received approximately \$9.9 million in levy contributions (up by \$1.9 million from the previous reporting period).
- Continued to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.
- Recorded total active registrations of 9 641 workers, 256 employers and made benefit payments to 119 workers at a cost of \$242 000.
- Minimised the impact of the global financial crisis on the scheme's financial assets through the adoption of a conservative investment strategy.
- Facilitated the delivery of a 'one stop shop' for the various registration boards for the construction industry.

2011-12 Priorities

- Conduct second formal actuarial review of the administration of the scheme, methods used in working out long service benefits and the levy rate.
- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Conduct an administrative review of the Construction Industry Long Service Leave and Benefits legislation, including assessment of recommendations contained in actuarial review reports.
- Identify and implement a suite of on-line and electronic business transaction services that improve processing interaction between stakeholders and NT Build.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs.
- Actively encourage the registration of all eligible workers.

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 completed 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, a Ministerial nominee and four industry members.

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 Department of Lands and Planning has the principal responsibility for the general administration of the CILSLB Act. However, in accordance with 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 about the operation of the legislation.

The scheme, including staffing and operational expenses, is self funded through the collection of a levy imposed on eligible construction work undertaken in the Territory and investment earnings. This revenue is used to fund the payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory.

The staff of NT Build are Northern Territory Public Sector employees who are made available to the NT Build Board under an agreed full cost recovery arrangement.

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

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 of this scheme 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 consistent with current building and construction industry and NT long service leave standards.
- The scheme is funded through a Ministerially determined levy.
- Administration through a local office, with the support of an established scheme administrator (contract with Construction Industry Long Service Leave Board, South Australia).
- Maintenance of a register recording the number of service days worked by each registered worker within the construction industry in the Northern Territory.
- A statute based scheme, governed by a board consisting of employer, employee and independent representatives appointed by the Minister to oversee the management of the scheme.

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.

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

- be employed to carry out construction work on a site in the Northern Territory;
- 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 under the Northern Territory private sector *Long Service Leave Act*.

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.

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

Long service levy

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

The levy is calculated as a percentage of the cost of the work, based on actuarial estimates of the anticipated level of expenses and income for the scheme and determined by the Minister responsible 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.

As a result of the Northern Territory Government's decision to temporarily reduce the levy for a period of two years, the current levy rate of 0.4% was prescribed as applying to all projects started on or after 1 July 2009. (Note: The previous levy rate of 0.5% continues to apply to all eligible construction works started on or after 1 July 2005 but before 1 July 2009 - regardless of completion date.)

Effective from 15 June 2011, the Northern Territory Government approved the retention of the levy at the 0.4% rate.

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.

Unless an exemption applies, the levy is payable on all construction projects of \$200 000 or more in value.

The levy does not apply to:

- 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);
- work for which the total contract price for the construction work is less than \$200 000 in value; or
- work undertaken for not-for-profit organisations in respect of voluntary labour and donated materials.

With effect from 1 July 2009, a two tier levy regime applies on construction projects with construction costs in excess of \$1 billion. Under this two tier levy regime the 'standard' prescribed levy rate, which applies to all eligible construction projects under the scheme, is applied to the first \$1 billion and a project's specific levy rate - determined by the Minister and based on actuarial advice - is applied to the project costs that exceed the \$1 billion threshold.

Initial discussions were held with INPEX management to determine the most appropriate method for the administration of the levy arrangements in the event the INPEX ICHTHYS project proceeds. This would be the first project covered by the two tier levy regime since the amendment to the legislation was introduced in 2009. Given such a long period of construction would be involved with this project, it is essential these administration arrangements are clarified to ensure the smooth implementation over the duration of the project life.

Statistical highlights

Workers

Registration numbers

The CILSLB Act defines a construction worker as a person who carries out construction work either as an employee or as a contractor - who only supplies their own labour. Construction workers can also be engaged on a full-time, part-time or casual basis.

As shown in the table and chart below, the total number of worker registrations recorded by the scheme reflected a decrease of 2946 on the numbers for the previous reporting period. This variance, which consisted of 2937 employees and 9 labour-only contractors was as a result of inactive workers being deregistered.

Section 13(1)(a) of the CILSLB Act requires the Registrar to deregister a person who has not been credited with any qualifying service for a continuous period of four years. The first of this deregistration process occurred in September 2010 and systems have been implemented to automate the process biannually.

It should be noted that many of the deregistered workers may still be actively working in the construction industry interstate. Under the terms of the National Reciprocal agreement, a person deregistered with the NT Build scheme may be eligible to have their service credits reinstated if they are registered with an interstate scheme and have continued to work in the construction industry interstate.

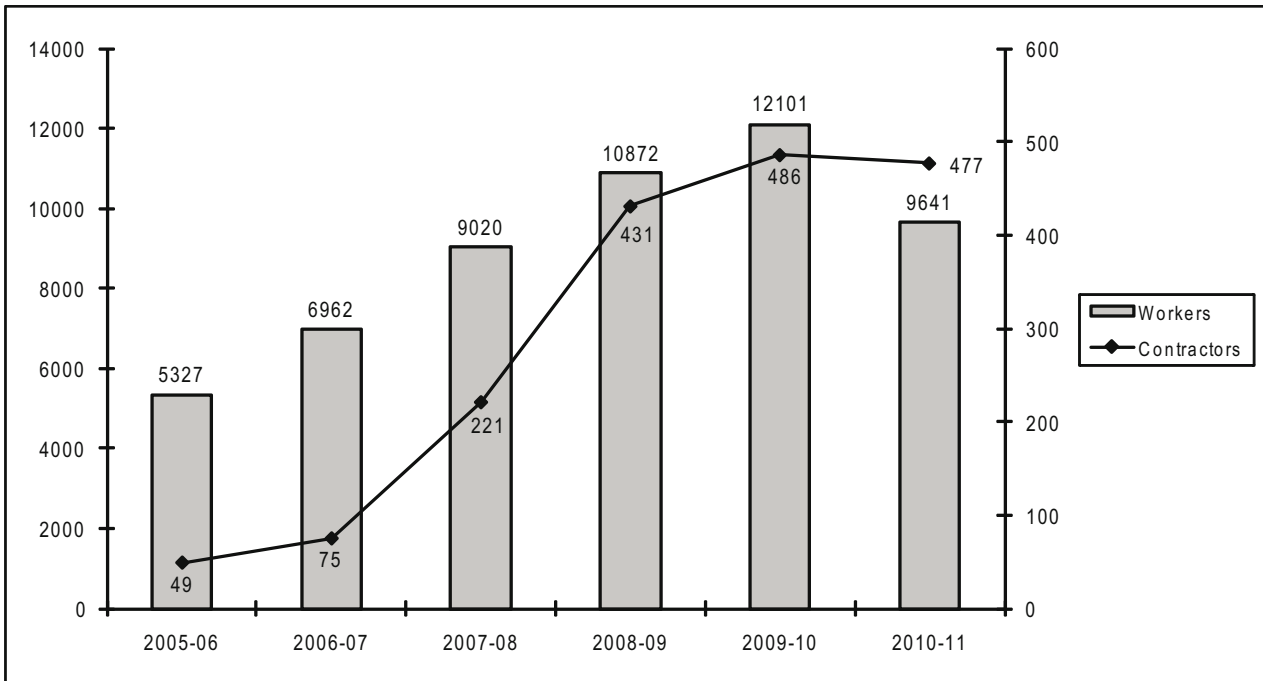
Given the highly transient nature of the Northern Territory construction industry workforce, it is anticipated that a significant proportion of the deregistered workers will have their NT service reinstated.

Industry feedback also supports anecdotal evidence that there may be a significant number of labour-only contractors in the Northern Territory not registered with the scheme. During 2012 efforts will be made to promote the scheme and actively encourage the registration of all eligible workers in the Northern Territory construction industry. It is noted that any significant increase in registrations would see an increase in the scheme's liabilities without attracting any additional levy income.

Table 1: Total number of worker registrations

Total Registrations	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Approved	5 376	7 037	9 241	11 303	12 587	9 641
Rejected	39	43	60	83	94	125

Chart 1: Employee and labour-only contractor registrations

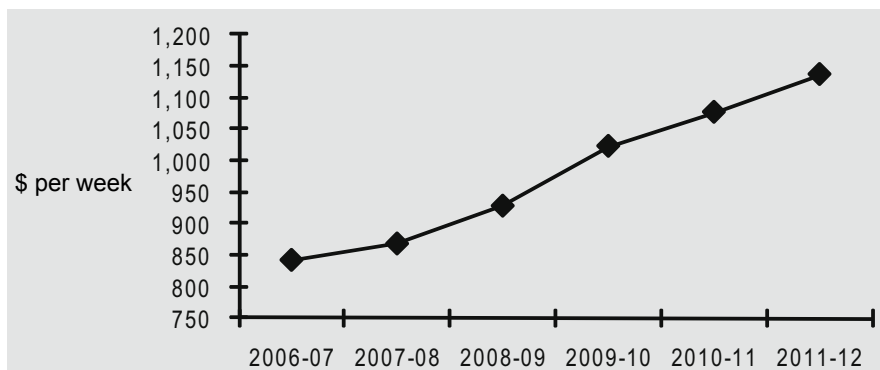


Benefit payments

Once a worker has accrued 65 days long service leave credit they can apply to use the credit. The benefit rate for the payment of the credit is determined by the Board, having regard to the average weekly ordinary time earnings for the construction sector published by the Australian Bureau of Statistics. The rate is reviewed annually, generally on 1 July, and the defined rate is applied to both workers and contractors. The benefit payment rate for the 2010-11 period was \$1076 per week and at the Board Meeting held on 23 June 2011 the new rate of \$1136 per week was approved to take affect from 1 July 2011. The table and chart below illustrates the annual movement in the benefit rate since the commencement of the scheme.

Table 2 and Chart 2: Approved Benefit rates and Annual movement in rate

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
\$810pw	\$841pw	\$867pw	\$927pw	\$1022pw	\$1076pw	\$1136pw



During the 2010-11 reporting period 119 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately \$242 000 in respect of work performed in the Northern Territory, which was less than the \$267 000 paid during the 2009-10 reporting period.

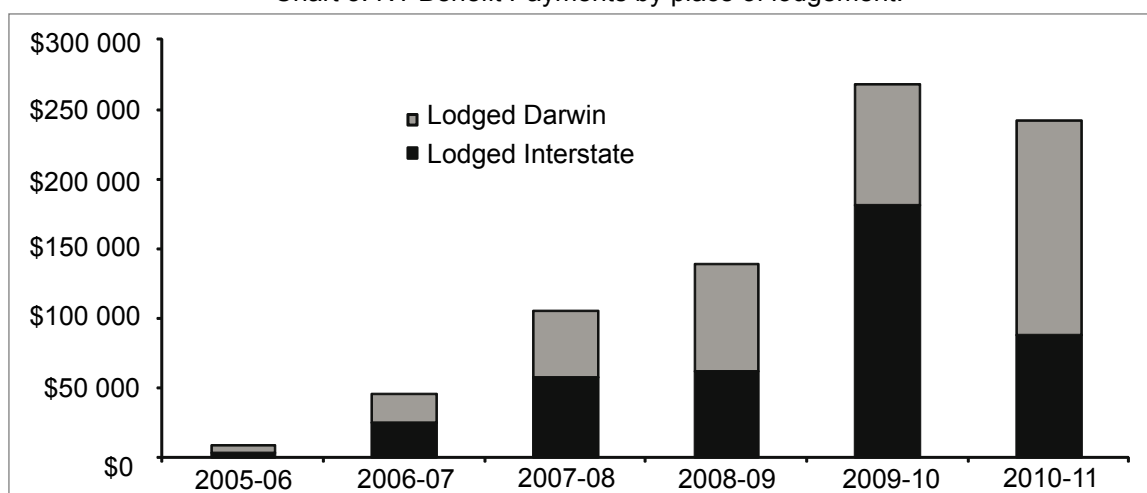
Table 3: Benefit claims processed

Benefit Claims	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
Lodged through interstate scheme	7	24	50	60	105	72
Lodged through NT Build	4	22	21	34	48	47
Total claims lodged	11	46	71	94	153	119

The ability to recognise service credits and make benefit payments during these early years of the scheme's operation is a direct result of the Territory scheme being a party to the National Reciprocal Agreement. The following diagram illustrates the scheme's financial liability for benefit claims that were lodged direct with NT Build and those lodged through a reciprocal interstate portable long service leave scheme.

It can be expected that the amounts paid out will start to increase as the scheme reaches maturity. As noted previously, industry feedback also supports anecdotal evidence that there may be a significant number of (labour only) contractors in the Northern Territory not registered with the scheme.

Chart 3: NT Benefit Payments by place of lodgement.



Registration profile

Table 4: Age profile

	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Average age	38	39	39	40	40	39
Oldest #	72	73	74	75	80	81
Youngest *	16	15	14	15	15	14

*Registrations are accepted from apprentices working in the construction sector, including school based apprentices

#Includes workers who have been inactive for less than 4 years and therefore not yet deregistered

Table 5: Days of service

	* June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Total estimated service days	1M	1.5M	2.6M	3.25M	3.24M	4.35M

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

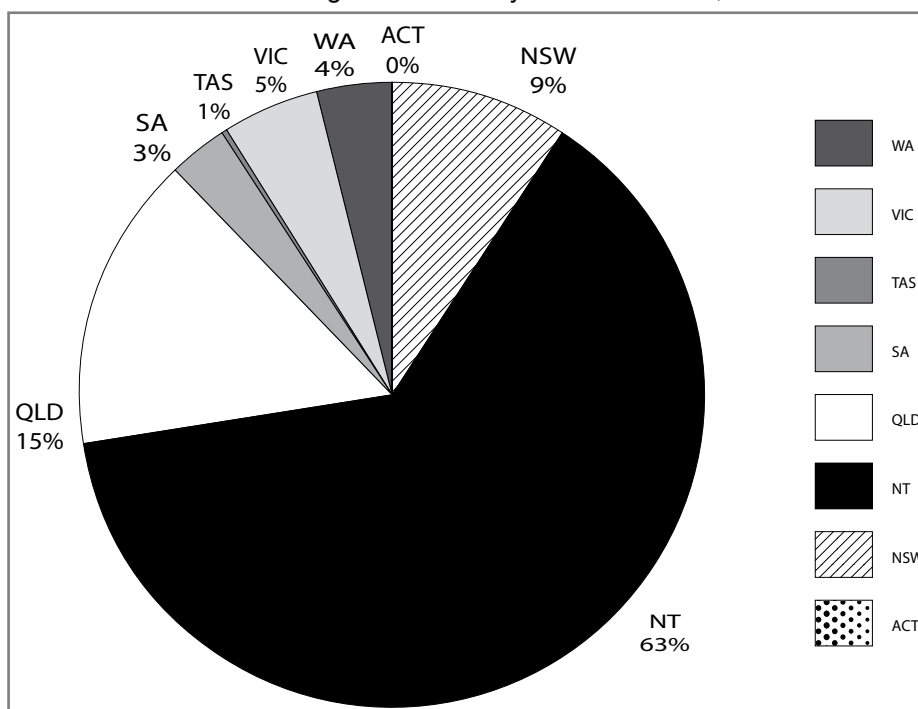
Scheme demographic

The continued success of the scheme in terms of providing benefits to Northern Territory private sector construction workers and in attracting skilled workers to the Territory is evidenced by the following table and chart which shows that more than half of the registered workers are Territory residents.

Table 6: No. of workers by contact location

	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
ACT	4	7	10	11	13	11
NSW	649	824	1 025	1 272	1 364	885
NT	2 619	3 579	4 970	6 172	7 043	6 101
QLD	1 463	1 751	1 991	2 273	2 436	1 480
SA	236	291	383	452	481	289
TAS	35	47	64	72	72	38
VIC	189	270	438	558	615	473
WA	181	268	360	493	563	364
Total	5 376	7 037	9 241	11 303	12 587	9 641

Chart 4: Percentage of workers by contact location, 2010-11



Employers

Eligible employers are identified through either self registration or by notification on a worker registration form and the numbers are shown in the table below.

Table 7: Active employer registrations

	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
*Active Registrations	192	204	219	230	238	256

* excludes previously registered employers who, at 30 June 2010, did not have any current registered workers in their employ.

Section 81(1)(a) of the CILSLB Act empowers the Registrar to compel a person who employs construction workers to provide any information relating to that employment. Where an employer fails to comply with a section 81(1)(a) notice the person could be prosecuted for failure to comply with the notice.

Issuing of section 81(1)(a) notices aims to streamline the administrative effort required to effect successful and timely prosecution of employers who choose not to fulfil their statutory obligation to notify NT Build about the number of days of service each registered employee worked and any periods of long service leave granted by the employer to any registered employee. No notices were issued under this provision during the 2010-2011 reporting period.

Levy payment and compliance

NT Build has continued to enjoy a high level of compliance by project developers. Some developers have however been reluctant to provide timely notification of their projects and pay respective levies.

Table 8: Summary of projects notified and levies paid

Total levy payer notifications	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
* Active levy payers who notified of leviable construction work	62	167	278	176	181	188
Total of invoices issued equating to a levy income (approximate)	\$3.2M	\$5.3M	\$8.1M	\$11.8M	\$8.0M	\$9.9M

*includes payers who have notified of multiple projects undertaken.

Section 81(1)(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(1)(b) notice the person could be prosecuted for failure to comply with the notice.

Issuing of section 81(1)(b) notices aims to streamline the administrative effort required to effect successful and timely prosecution of developers who choose not to fulfil their statutory obligation to notify NT Build of the project commencement and paying the levy. As demonstrated in the following table, a total of 9 notices were issued during the 2010-11 reporting period.

Table 9: Summary of section 81(1)(b) action

YEAR	B/FWD	New Notices	Finalised	C/FWD
2010-11	1	9	8	2
2009-10	5	20	24	1
2008-09	10	25	30	5
2007-08	3	26	19	10
2006-07	-	5	2	3

The Board continues to pursue compliance issues to ensure that the scheme is administered equitably.

Debt recovery

The NT Build Board has authorised the Registrar to recover debts owing to the scheme directly through the engagement of a debt collection agent and, if necessary, through the small claims court. The use of debt collection agents is generally reserved for those instances where a levy payer, who has been issued an invoice by NT Build in relation to a levy amount owing, defaults on the payment of their levy obligation.

Table 10: Summary of debt recovery action

YEAR	B/FWD	New Action	Finalised	C/FWD
2010-11	-	3	-	3
2009-10	1	1	2	-
2008-09	-	3	2	1
2007-08	-	2	2	-
*2006-07	-	-	-	-

*Debt collection agents appointed with effect from 4 June 2007

Investment of funds

As noted in the Financial Statements included in this report, NT Build continued to invest accumulated funds from revenue raised through the collection of levies.

The scheme is fully self-funded through the collection of a levy imposed on construction work undertaken in the Territory and earnings from invested accumulated funds. This revenue is used to fund the payment of long service leave benefits accrued by construction workers while working in the Territory and to meet the scheme's staffing and operational expenses. As the liabilities of NT Build will in the main be longer term, the accumulated funds are invested to ensure there will be sufficient funds to meet the scheme's liability in the longer term.

In the context of ongoing volatility and uncertainty in global and Australian financial markets, the Board determined that an investment strategy heavily biased towards secure cash investments remains appropriate for at least until 2011-12. The Board therefore continued to implement the scheme's investment strategy through a combination of:

- direct cash investments with Westpac and TIO (approximately 70%); and
- a multi-asset class, multi-manager fund provided by MLC (approximately 30%).

While information regarding the performance of the scheme's investments is provided in the Financial Statements included in this report, the following table reflects the actual amount invested.

Table 11: Summary of actual funds transferred to Fund Managers for investment

Fund Managers	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	TOTAL
MLC (GWM)	-	\$4.2M	\$3.9M	-	\$4.9M	\$4.7M	\$17.7M
TIO	-	-	\$2.8M	\$4.3M	\$0.3M	\$1.0M	\$8.4M
WESTPAC	-	-	-	\$5.0M	\$2.8M	-	\$7.8M
TOTAL	-	\$4.2M	\$6.7M	\$9.3M	\$8.0M	\$5.7M	\$33.9M

Actuarial advice

Long service leave liability

A number of factors affect the actuary's ability to reliably measure the scheme's liability. These factors include:

- As a relatively new scheme, the limited extent of established historical data available to enable an accurate assessment of the scheme's liability;
- Extent of construction work undertaken that is exempt from payment of the levy (e.g. value less than \$200 000; single detached residential dwellings);
- 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;
- The extent to which service credits are abandoned without benefit payments in the future; and
- A funding period of ten years for non-levied activity.

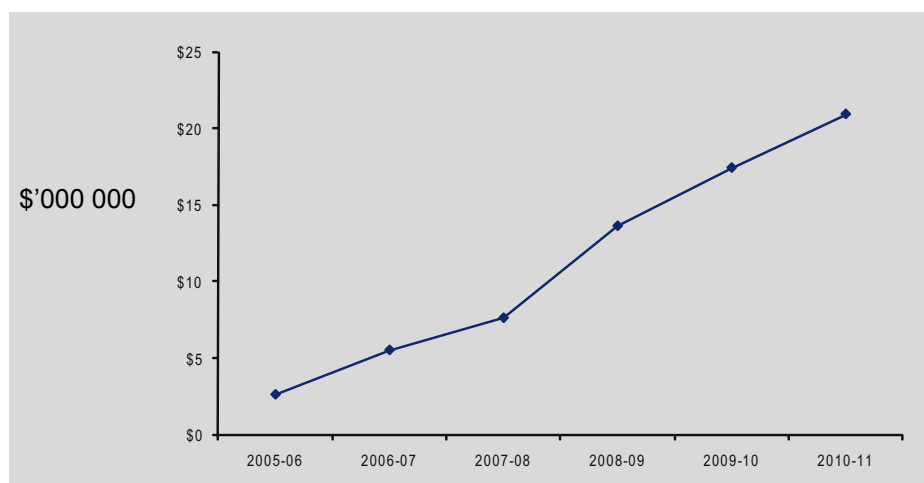
Having regard for the above factors, the scheme's consulting actuary Cumpston Sarjeant Pty Ltd assesses and recommends a liability amount for accrued long service leave benefits to be adopted for accounting purposes as at 30 June each year.

For accounting purposes as at 30 June 2011 the actuary recommended a liability of \$20.9 million for accrued long service leave benefits be adopted. This represents an increase of \$3.5 million from the 30 June 2010 estimate.

Table 12: Summary of accrued long service leave liability

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11
\$2.6M	\$5.5M	\$7.6M	\$13.6M	\$17.4M	\$20.9M

Chart 5: Rate of long service leave liability accrual



As noted above, a provision of \$20.9 million has been disclosed on the Statement of Financial Position of the Board as at 30 June 2011 in the Financial Statements included in this report.

Section 91 actuarial review

Under the CILSLB Act, the scheme's actuary must undertake a review of the:

- administration of the scheme (including any financial aspect of the administration);
- methods used in working out long service benefits; and
- the levy rate.

The report on the findings of the review are presented to the Minister responsible for the scheme and tabled in the Legislative Assembly.

The first review of the scheme be undertaken during the 2008-09 reporting period. In addition to this review, the actuary's advice was also sought on options for adopting a variable threshold levy rate model, to accommodate unusually large scale construction projects.

In response to the actuary's findings in this first review, in regards to the levy rate, the NT Government:

- Approved a 20% temporary reduction in the levy rate, from 0.5% to 0.4% for two years, commencing from 1 July 2009 until 30 June 2011; and
- Introduced a \$1 billion threshold for the purpose of calculating the levy on large scale construction projects, below which the standard levy per cent rate would apply and from which an actuarially determined levy amount would be applied on a project specific basis.

Other actuarial recommendations, relating to the administration of the scheme and benefit design, included in this report were that:

- the CILSLB Act be reviewed to ensure that a worker is not entitled to long service leave benefits under both NT Build and an industrial award or other employment arrangement;
- the scheme remove future eligibility for transitional entitlements; and
- the administrative arrangements surrounding retrospective service be simplified, or that retrospective service entitlement be removed as an option.

It is proposed that these recommendations be incorporated into a broader review of the legislation to be undertaken in 2012.

With the scheme having just completed its sixth year of operation, the conducting of a second actuarial review has been scheduled for the first half of the 2011-12 reporting period.