

2014-15 Highlights

- Finalised legislative amendments that clarified the way the levy will be calculated for major construction projects of over \$1 billion; improved the Scheme's governance arrangements; and reduced the number of qualifying service days a worker needs to be credited with a year of long service leave credit from 260 days to 220 days.
- Introduced policy guidance notes, in consultation with mining and exploration industry representatives, to assist in determining the nature of work undertaken by the resources industry that is likely to fall within the scope of leviable construction works.
- Sustained a minor drop in net assets of \$0.3 million over the year (down from the \$2.6 million increase achieved in 2013-14).
- Received approximately \$2.4 million in levy contributions (down from the \$3.8 million achieved in 2013-14).
- Increases in both worker and employer registrations during the year. Total active registrations of 24 519 workers and 502 employers now with the Scheme.
- Made benefit payments to 348 workers who have been involved in the NT construction industry at a cost of approximately \$1.43 million.

About NT Build

NT Build, a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act* on 1 July 2005, is administered by a board which comprises an independent chairperson and five members nominated by the Minister.

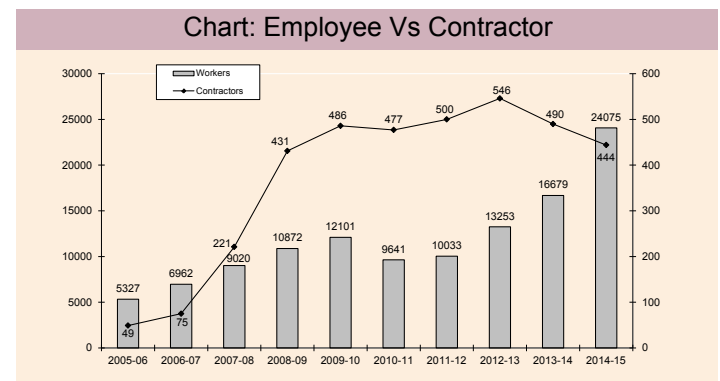
The NT Build scheme is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings. This revenue is used to fund payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory.

The establishment of NT Build 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.

Statistical Highlights

Worker registration numbers

As shown in the chart below the total number of active worker registrations recorded by the Scheme reflected a net increase of 7350 on the numbers for the previous reporting period. This variance consists of 7396 more employees and 46 less labour-only contractors.



As at 30 June 2015 a total of 8997 workers are currently deregistered from the NT Build scheme. As many of the deregistered workers may still be actively working in the industry interstate, it is anticipated that a significant proportion of the deregistered workers will have their NT service reinstated under the terms of the national portability agreement.

Benefit payments

During the 2014-15 reporting period 348 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately \$1.4 million in respect of work performed in the NT. The number of claims processed increased by almost 52%, resulting in an increase cost to the Scheme of \$631 000 for benefits paid in comparison to the previous year 2013-14 reporting period.

Benefit Claims	2011-12	2012-13	2013-14	2014-15
Lodged interstate	99	166	124	188
Lodged NT Build	49	69	105	160
Total claims	148	234	229	348

Benefit rate

As illustrated in the following table, the benefit rate for the payment of a credit is determined by the Board, reviewed annually (generally in July) and applied to both workers and contractors.

Table: defined benefit rate

2010-11	2011-12	2012-13	2013-14	2014-15
\$1076 pw	\$1136 pw	\$1151 pw	\$1206 pw	\$1233 pw

Age profile

	June 12	June 13	June 14	June 15
Average age	39	37	38	38
Oldest	77	78	79	80
Youngest	15	15	15	16

Days of service

	June 2012	June 2013	June 2014	June 2015
Total estimated service days	5.12M	6.38M	7.23M	9.57M

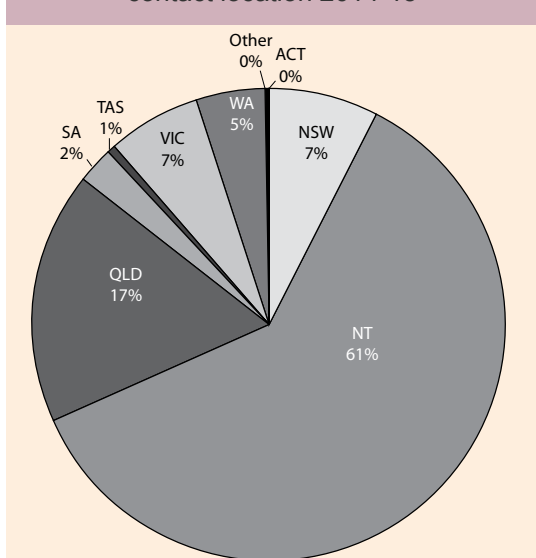
Scheme demographic

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 two thirds of the registered workers record a Territory contact address.

Table: No. of workers by contact location

	2011-12	2012-13	2013-14	2014-15
ACT	11	17	21	27
NSW	903	1 066	1 210	1 829
NT	6 899	9 201	11 413	14 907
QLD	1 534	1 970	2 608	4 281
SA	286	336	355	551
TAS	35	108	108	142
VIC	471	601	733	1 616
WA	380	484	702	1 159
Other	14	16	19	7
Total	10 533	13 799	17 169	24 519

Chart: Percentage of workers by contact location 2014-15



Employer registration numbers

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

	June 12	June 13	June 14	June 15
Registered Employers	312	395	468	502

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. An employer who fails to comply could be prosecuted for failure to comply with the notice.

One notice was issued during this reporting period.

Levy payment and compliance

Contributions from Levy Payers	June 2012	June 2013	June 2014	June 2015
Total levy income # (approximate)	\$12.0M	\$9.6M	\$3.9M	\$2.4M

#includes accrual of full levy amount where payment by an instalment plan has been granted.

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. A levy payer who fails to comply could be prosecuted for failure to comply with the notice.

A total of four notices were issued during the 2014-15 reporting period.

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

Debt recovery

The use of debt collection agents is 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.

During the 2014-15 reporting period three levy payers were referred to a debt collection agent for recovery action.

As at 30 June 2015 money owed from five payers, which included recovery action in respect of two payers brought forward from the 2013-14 reporting period, had been successfully recovered.

Actuarial Advice

Long service leave liability

For accounting purposes as at 30 June 2015 the actuary recommended a liability for accrued long service leave benefits of \$45.3 million be adopted. This represents an increase of \$6.9 million from the 30 June 2014 estimate of \$38.4 million.

Some of the key assumptions noted by the actuary in performing the valuation are:

- 25% of active member service credits are assumed to be abandoned;
- 30% of inactive members will reactivate
- approximately 40% of workers with some indication of interstate service on their records;
- benefits assumed to be paid immediately when claimed however vested benefits may not be immediately claimed and are assumed to be paid up to 4 years from vesting; and
- a discount rate of 3% and a benefit growth rate of 4.5%.

In the past the actuary has used a simple aggregate model when assessing the Scheme's liability but, due to an increasing body of available experience, a change to a more sophisticated individual projection model has been adopted for the 2014-15 assessment. Further scheme experience over time will refine the assumptions made and provide greater certainty in valuation.

Investment of funds

Although the Scheme completed its tenth year of operating on 30 June 2015, the liabilities will in the main continue to 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.

The Board continued to implement the Scheme's investment strategy through a combination of direct cash investments and a multi-asset class, multi-manager fund.

As at 30 June 2015 it is pleasing to note that the Scheme's investment portfolio remains well positioned to meet its growing long term liabilities.

While information regarding the performance of the Scheme's investments is provided in the Financial Statements included in this report, the table below reflects the actual (pre interest) amounts invested.

Fund Managers	Accumulated funds invested at 30 June 2014	Funds invested / (redeemed) 2014-15	Total funds invested at 30 June 2015
MLC/JANA	\$51.0M	\$5.8M	\$56.8M
PCCU	\$5.2M	(\$1.4M)	\$3.8M
MEB	\$5.2M	(\$3.1M)	\$2.1M
TOTAL	\$61.4M	\$1.3M	\$62.7M

Corporate Governance

Board membership

The Scheme is administered by a Government appointed Board. This reporting period saw the replacements of inaugural Chairperson Barry Chambers and board member Mick Huddy. The membership of the Board as at 30 June 2015 consisted of:

- Michael Martin OAM (Chairperson)
- Craig Graham
- Michael Haire
- David Malone
- Dick Guit
- Michael Milatos
- Rosemary Campbell

Board decisions

In the course of a total of 14 meetings of the Board:

- 63 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; and
- Two new policy decisions were resolved during this reporting period.

Communications and Marketing

General activities undertaken

- Advertising in relevant industry publications and directories;
- Maintenance of the NT Build website; and
- Production of a range of targeted customer information bulletins and fact sheets.

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.

Presentations to the Board

During the reporting period three 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, NT Build participates 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.

2015-2016 Priorities

- Monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the Scheme.
- Closely monitor the Scheme's financial position and report on its ongoing financial status in the current environment.
- Finalise system enhancements to current business system to convert all worker's long service leave records to apply the new 220 days annual capping for all service recorded with NT Build.
- Finalise the development and implementation of a new business system aimed at minimising administration costs and supporting a suite of on-line and electronic business transaction services that will improve processing interaction between stakeholders and NT Build.
- Implement revised biannual reporting practices on worker's qualified service days to reduce the administrative burden on employers.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs for NT Build and maximise stakeholders convenience.
- Continue to actively encourage the registration of all eligible workers.

Financial Statements For Year Ended 30 June 2015

The following financial data listed in the tables is based on audited accounts.

Statement of comprehensive income

	2015
	\$
INCOME	
Contributions from levy payers	2 424 691
Other income	7 591 760
Employee benefits	(837 059)
Depreciation and Amortisation	(3 055)
Fees and allowances	(33 562)
Long service leave benefit payments	(2 134 565)
Long service scheme expense - current	(6 907 000)
Occupancy costs	(100 777)
Other expenses	(336 151)
NET SURPLUS/(DEFICIT)	(335 718)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	(335 718)

Statement of financial position

	2015
	\$
ASSETS	
Current assets	
Cash and cash equivalents	6 048 961
Trade and other receivables	571 875
Other financial assets	74 181 251
TOTAL CURRENT ASSETS	80 802 087
Non-current assets	
Property, plant & equipment	2 325
TOTAL NON-CURRENT ASSETS	2 325
TOTAL ASSETS	80 804 412
LIABILITIES	
Current liabilities	
Trade and other payables	202 731
Short-term provisions	4 100 000
Other liabilities	1 295
TOTAL CURRENT LIABILITIES	4 304 026
Non-current liabilities	
Long-term provisions	41 241 000
TOTAL NON-CURRENT LIABILITIES	41 241 000
TOTAL LIABILITIES	45 545 026
NET ASSETS	35 259 386
EQUITY	
Reserves - implementation funding	269 867
Accumulated funds	34 962 519
TOTAL EQUITY	35 259 386

The complete set of audited financial statements and notes to and forming part of the financial statements for the year ended 30 June 2015 is published in the 2014-15 Annual Report.

Contact Details

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