

### 2017-18 Key Highlights

- Finalised the redevelopment of the Scheme's website, designed to integrate customer self-service functionality and be adaptable for viewing on multiple electronic device formats (phone/tablet/computer).
- Recorded estimated total accumulated liabilities of \$66.42 million (a increase of \$9.94 million in comparison to the 2016-17 period. Scheme's assets continue to cover liabilities).
- Recorded an overall net decrease in assets for the year of \$7.39 million (compared to the \$12.61 million increase recorded 2016-17), which largely related to the \$10.21 million increase in long service leave liabilities as determined by the Scheme's actuary.
- Received approximately \$1.66 million in levy contributions (down from the \$2.45 million achieved in 2016-17).
- Increases in both worker and employer registrations during the year. Total active registrations of 30651 workers and 557 employers recorded with the Scheme as at 30 June 2018.
- Made benefit payments to 1 162 workers who have been involved in the NT construction industry at a cost to the Scheme of approximately \$4.86 million (up from the 954 payments at a cost of \$3.9 million made in 2016-17).

### 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 six 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.

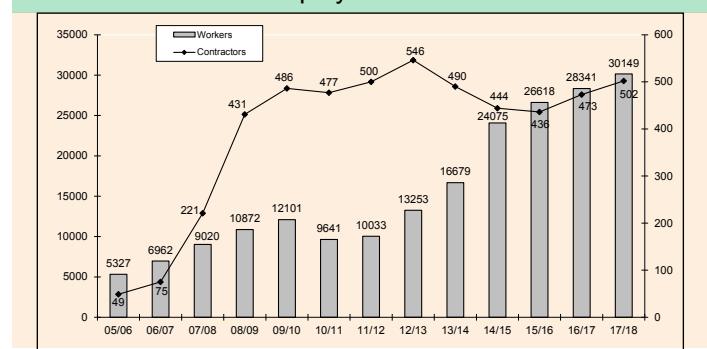
The establishment of NT Build completed a network of similar schemes in all Australian jurisdictions.

### 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 1837 on the numbers for the previous reporting period. This variance consists of 1808 more employees and 29 more labour-only contractors.

Chart: Employee Vs Contractor



As at 30 June 2018 a total of 12 926 workers are currently deregistered (inactive) 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 2017-18 reporting period 1162 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately \$4.68 million in respect of work performed in the NT. The number of claims processed increased by almost 22%, resulting in an increase cost to the Scheme of \$0.96 million for benefits paid in comparison to the previous year 2016-17 reporting period.

Benefit Claims	2014-15	2015-16	2016-17	2017-18
Lodged interstate	188	270	346	365
Lodged NT Build	160	408	608	797
<b>Total claims</b>	<b>348</b>	<b>678</b>	<b>954</b>	<b>1 162</b>

#### 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

2013-14	2014-15	2015-16	2016-17	2017-18
\$1206 pw	\$1233 pw	\$1254 pw	\$1276 pw	\$1298 pw

## Age profile

	June 15	June 16	June 17	June 18
Average age	38	38	39	39
Oldest	80	81	82	83
Youngest	16	15	15	15

## Days of service

	June 2015	June 2016	June 2017	June 2018
Total estimated service days	9.57M	11.28M	14.07M	16.55M

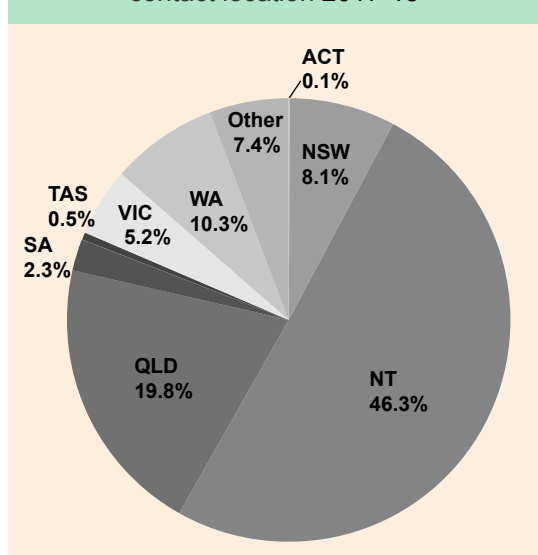
## Scheme demographic

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 half of the registered workers record a Territory contact address.

Table: No. of workers by contact location

	2014-15	2015-16	2016-17	2017-18
ACT	27	26	23	23
NSW	1 829	2 055	2 219	2 487
NT	14 907	15 576	14 525	14 189
QLD	4 281	5 433	5 879	6 060
SA	551	610	669	713
TAS	142	147	153	160
VIC	1 616	1 270	1 435	1 605
WA	1 159	1 928	2 248	3 156
Other	7	9	1 663	2 249
<b>Total</b>	<b>24 519</b>	<b>27 054</b>	<b>28 814</b>	<b>30 651</b>

Chart: Percentage of workers by contact location 2017-18



## Employer registration numbers

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

	June 15	June 16	June 17	June 18
Registered Employers	502	523	554	557

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.

No notices were issued during this reporting period.

## Levy payment and compliance

Contributions from Levy Payers	June 2015	June 2016	June 2017	June 2018
Total levy income # (approximate)	\$2.4M	\$3.7M	\$2.4M	\$1.6M

#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.

Two notices were issued during the 2017-18 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 2017-18 reporting period one new action relating to levy payers was referred to a debt collection agent for recovery action.

As at 30 June 2018 money owed from two levy payers (includes one brought forward from 2016-17) remained outstanding. Both actions have been carried forward for recovery during the 2018-19 period.

## Actuarial Advice

### Long service leave liability

For accounting purposes as at 30 June 2018 the actuary recommended a liability for accrued long service leave benefits of \$66.172 million be adopted.

As a result of applying the asset based discount rate when valuing the liability in this reporting period, along with adjustments to other actuarial assumptions, that valuation represents a net increase 2016-17 valuation represents a net increase of \$10.2 million from the previous 2016-17 estimate.

Further Scheme experience over time will refine the assumptions made and provide greater certainty in valuation.

### Section 91 actuarial review

The Scheme has undergone four triennial reviews to date. Three of the key findings from the last review, undertaken during the 2016-17 period, indicated that:

- the moderate surplus of the Scheme is expected to decline in the next two years (with some chance the Scheme may fall into deficit) due to the Inpex liabilities accruing, however the surplus will again increase once the Inpex levy is paid at the end of the construction phase (\$10 - \$25 million);
- the current levy rate of 0.1 % is below the break-even rate of 0.19% - 0.23%, however due to the high level of surplus, it is recommended that the 0.1% levy rate remain unchanged for the time being; and
- that a key consideration for the ongoing sustainability of the Scheme is the Inpex levy, and the Minister will need to make a determination regarding the levy rate before it falls due.

The NT Build Board has initiated a heightened level of monitoring and oversight and have undertaken to provide advice to the Minister in the event that the solvency margin falls below an acceptable level.

The next triennial review of the Scheme is expected during 2019-20 reporting period.

### Investment of funds

While the liabilities of NT Build will in the main continue to be longer term, as a result of the Scheme's maturity the payment of benefits to workers significantly increased during 2017-18, with the value exceeding the amount of levy revenue received by approximately 193%.

The downturn in the general NT construction sector in combination with the current levy collection structure (of 0.1% on projects over \$1 million) will see the above trend continue and is expected to have a material impact on the Scheme's long term sustainability.

The sound investment of the Scheme's accumulated funds plays an increasingly vital role in ensuring there will be sufficient funds to meet both immediate and longer term liability.

As at 30 June 2018, the Scheme's liabilities continued to be well covered by the Scheme's assets.

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 2017	Funds invested / (redeemed) 2017-18	Total funds invested at 30 June 2018
MLC/JANA	\$56.8M	\$7.0M	\$63.8M
PCCU	\$2.6M	(\$0.5M)	\$2.1M
<b>TOTAL</b>	<b>\$59.4M</b>	<b>\$6.5M</b>	<b>\$65.9M</b>

## Corporate Governance

### Board membership

The Scheme is administered by a Government appointed Board. The membership of the Board as at 30 June 2018 consisted of: Michael Martin OAM (Chairperson), Michael Haire, David Malone, Dick Guit, Michael Milatos, Rosemary Campbell and Sarah Rummery.

### Board decisions

In the course of a total of 15 meetings of the Board:

- 69 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
- One new policy decision was resolved during this reporting period.

## Communications and Marketing

### General activities undertaken

- Advertising in relevant industry publications.
- Maintenance of the NT Build website.
- Production of a range of targeted customer information bulletins and fact sheets.
- Event Sponsor of the Construction Apprenticeship Mentoring Scheme (CAMS), an MBA NT's initiative.

### Industry consultation

- Information sessions and briefings, including to regional areas.
- Presentations to the Board.
- Liaison with other state and territory construction industry long service leave schemes.

## 2018-19 Key Priorities

- Implement changed ATO “Single Touch Payroll” processing practice from 1 July 2018.
- Closely monitor the Scheme’s financial position and report on its ongoing financial status in the current low levy (0.1%) and high threshold (\$1M) environment.
- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the Scheme.
- Continue to monitor and review the operation of primary business systems to ensure operational savings, improvements and efficiencies are maximised.
- 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 and relevant employers.
- Maintain a strong compliance audit regime to ensure Scheme levy revenue is maintained.
- Monitor staff and workload demands to ensure efficient and timely processing of the increasing number of benefit payments.

## Financial Statements For Year Ended 30 June 2018

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

	2018
	\$
<b>INCOME</b>	
Contributions from levy payers	1 660 211
Other income	13 903 960
Employee benefits expense	(879 646)
Depreciation and Amortisation	(81 777)
Fees and allowances	(58 288)
Long service leave benefit payments	(11 176 551)
Long service scheme expense - current	(10 210 000)
Occupancy costs	(103 251)
Other expenses	(446 175)
	<hr/>
<b>NET SURPLUS/(DEFICIT)</b>	<b>(7 391 517)</b>
	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>(7 391 517)</b>

## Statement of financial position

	2018
	\$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	3 383 032
Trade and other receivables	412 184
Other financial assets	85 459 760
<b>TOTAL CURRENT ASSETS</b>	<hr/> <b>89 254 976</b> <hr/>
<b>Non-current assets</b>	
Property, plant & equipment	11 239
Intangible assets	238 605
<b>TOTAL NON-CURRENT ASSETS</b>	<hr/> <b>249 844</b> <hr/>
<b>TOTAL ASSETS</b>	<hr/> <b>89 504 820</b> <hr/>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	247 721
Short-term provisions	9 100 000
Other liabilities	-
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> <b>9 347 721</b> <hr/>
<b>Non-current liabilities</b>	
Long-term provisions	57 072 000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<hr/> <b>57 072 000</b> <hr/>
<b>TOTAL LIABILITIES</b>	<hr/> <b>66 419 721</b> <hr/>
<b>NET ASSETS</b>	<hr/> <b>23 085 099</b> <hr/>
<b>EQUITY</b>	
Reserves - implementation funding	296 867
Accumulated funds	22 788 232
<b>TOTAL EQUITY</b>	<hr/> <b>23 085 099</b> <hr/>

## Statement of comprehensive income

The complete set of audited financial statements and notes to and forming part of the financial statements for the year ended 30 June 2018 is published in the 2017-18 Annual Report.

## Contact Details

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