

2019-20 Key Highlights

- Facilitated the Ministerial determination of the major project excess levy to ensure the payment of sufficient funds to reimburse benefits already paid and cover future benefit entitlements for registered employees who worked on the major project.
- Recorded approximately \$21.61 million in contributions from levy payers, including \$19.499 million relating to the major project, (up from the \$1.38 million reported in 2018-19).
- Recorded estimated total accumulated liabilities of \$55.40 million (a decrease of \$6.73 million in comparison to the 2018-19 period). Scheme's assets continue to cover liabilities.
- Recorded an overall increase in net assets for the year of \$18.80 million (compared to the increase of \$0.38 million recorded 2018-19).
- Trialled, reviewed and refined remote working capabilities, during the early stages of the COVID-19 pandemic phase, to support safety of staff and clients and ensure ongoing delivery of services were achieved.
- Total active registrations of 11 504 workers and 631 employers recorded with the Scheme as at 30 June 2020.
- Made 1459 benefit payments to workers at a cost to the Scheme of approximately \$7.3 million (down from the 1817 payments at a cost of \$8.85 million made in 2018-19).

About NT Build

NT Build, a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act 2005* 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.

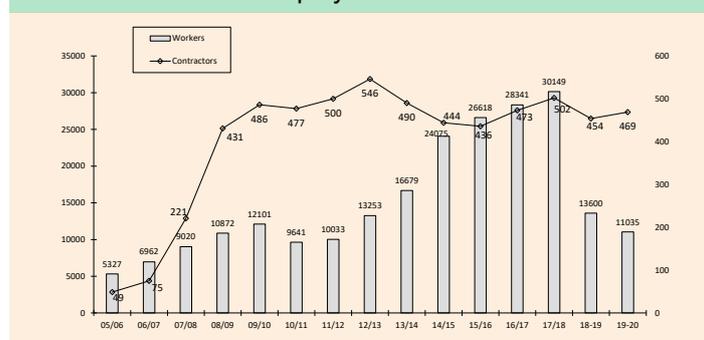
NT Build is party to a National Reciprocal Agreement between similar schemes in all Australian jurisdictions.

Statistical Highlights

Worker registration numbers

As shown in the table and chart below, the total number of active worker registrations recorded by the Scheme reflected a continued decrease of 2550 workers in comparison to the previous reporting period. This variance consists of 2265 less employees and 15 more labour-only contractors.

Chart: Employee Vs Contractor



This decrease is a result of; a data cleanse of records for worker's who had been inactive for a period of more than four years; progressive exodus of workers as major construction phases relating to the LNG project were completed; and general downturn in construction activity in the Northern Territory.

Going forward, the current active registration numbers are within the 'norm' and more reflective of the Territory construction industry workforce, without the impact of the one-off major project.

Benefit payments

During the 2019-20 reporting period 1459 claims for long service leave benefits were paid, a decreased of 19.7% compared to the 2018-19 reporting period, at a total gross cost of approximately \$7.3 million to the Scheme for NT accrued service.

Benefit Claims	2016-17	2017-18	2018-19	2019-20
Lodged interstate	346	365	582	676
Lodged NT Build	608	797	1 235	783
Total claims	954	1 162	1 817	1 459

Benefit rate

As illustrated in the following table, The benefit pay rate is determined annually by the Board and applied to both workers and contractors. Refer following table.

Table: defined benefit rate

2015-16	2016-17	2017-18	2018-19	2019-20
\$1254 pw	\$1276 pw	\$1298 pw	\$1325 pw	\$1325 pw

Age profile

	June 17	June 18	June 19	June 20
Average age	39	39	39	39
Oldest	82	83	84	84
Youngest	15	15	15	16

Days of service

	June 2017	June 2018	June 2019	June 2020
Total estimated service days	14.07M	16.55M	18.30M	19.26M

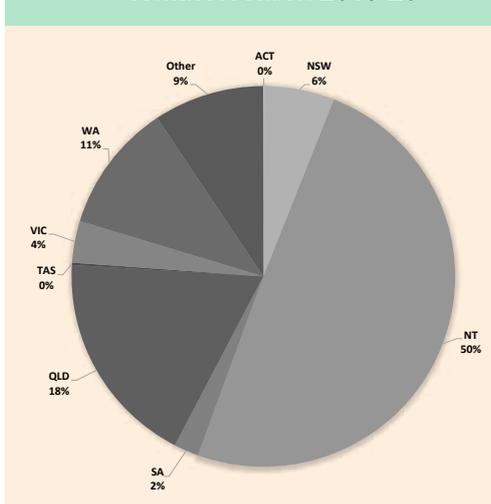
Scheme demographic

The success of the Scheme in terms of providing benefits to local private sector construction workers and in attracting skilled workers to the Territory is evidenced by the table and diagram below. While approximately 49.5% of the workers record an NT contact address, it also illustrates the transient nature and mobility of the workforce in the construction industry across state and territory borders.

Table: No. of workers by contact location

	2016-17	2017-18	2018-19	2019-20
ACT	23	23	10	8
NSW	2 219	2 487	1 098	683
NT	14 525	14 189	6 197	5 699
QLD	5 879	6 060	2 731	2 108
SA	699	713	337	240
TAS	153	160	34	23
VIC	1 435	1 605	594	407
WA	2 248	3 156	1 763	1 261
Other	1663	2 249	1 290	1 075
Total	28 814	30 651	14 054	11 504

Chart: Percentage of workers by contact location 2019-20



Employer registration numbers

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

	June 17	June 18	June 19	June 20
Registered Employers	554	557	588	631

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 2017	June 2018	June 2019	June 2020
Total levy income # (approximate)	\$2.4M	\$1.6M	\$1.4M	\$21.6M

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

Under section 33(4) of the CILSLB Act the Minister is to determine the levy percentage on construction projects in excess of \$1 billion. For the first time, one project of such value was completed, requiring this provision of the CILSLB Act to be applied in 2019-20. A determination of a project specific percentage rate for the excess levy amount of a major LNG Gas Plant project was made, resulting in a final levy contribution of \$19.499M for the project. This levy will reimburse the Scheme for benefits already paid and cover future benefit entitlements for registered employees who worked on that major project.

The Scheme's total levy income of \$21.61 million in 2019-20 (which also includes \$2.111 million relating to general construction activity), accounts for the significant increase in comparison to the \$1.38 million recorded in 2018-19.

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. No notices were issued during the 2019-20 reporting period.

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. No recovery action was required during 2019-20.

Actuarial Advice

Long service leave liability

For accounting purposes as at 30 June 2020 the actuary recommended a liability for accrued long service leave benefits of \$54.428 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 decrease of \$7.524 million from the previous 2018-19 estimate. The most significant elements related to the number of benefit payments made and a lower accruing liability for service days in 2019-20 than recent years.

Section 91 actuarial review

The Scheme has undergone five triennial reviews to date. Key findings from the 2019-20 review noted:

- Recommendation to retaining the current levy rate of 0.1% of leviability activity.
- Scheme currently has a small surplus that has decreased sharply in recent weeks due to investment market falls.
- Surplus is expected to be supplemented by Inpex levy income in coming months.
- Notwithstanding Inpex levy, Scheme surplus is expected to decline over coming years, eroding the Scheme solvency margin.
- Scheme is projected to fall into deficit towards the end of this decade.
- Economic impacts of coronavirus may be wide ranging and very severe, and scenarios considered in the Report do not attempt to capture all potential impacts.
- Current levy rate of 0.1% may not be sustainable in the longer term.
- Current levy rate of 0.1% of leviability activity is below break-even levy rate estimated to be between 0.29-0.35%.

The next triennial review of the Scheme is expected during 2022-23 reporting period.

Investment of funds

While the liabilities of NT Build will in the main continue to be longer term, the payment of benefits to workers remained high during 2019-20.

Excluding the anomaly of the one off significant levy payment recorded this year, going forward, the trend of benefit payments exceeding levy revenue is expected to continue in future years. This trend is largely due to the downturn in the NT construction sector in combination with the current levy collection structure (of 0.1% on

projects over \$1 million and significant exemptions for the housing and resources sectors). This 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 2020, 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 the full annual report, the table below reflects the actual amounts invested and redeemed.

Fund Managers	Accumulated funds invested at 30 June 2019	Funds invested / (redeemed) 2019-20	Total funds invested at 30 June 2020
MLC/JANA	\$64.6M	(\$6.0M)	\$58.6M

Corporate Governance

Board membership

The Scheme is administered by a Government appointed Board. The membership of the Board as at 30 June 2020 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 11 meetings of the Board:

- 54 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.
- Delivery of formal and information presentations to local and regional targeted customers.

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.

2020-21 Key Priorities

- Reinstating strong compliance audit regime, following recovery from the COVID-19 pandemic phase, to ensure Scheme levy revenue is maintained.
- 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, review and implement operational systems to maximise revenue collection and minimise administrative costs for NT Build and maximise stakeholders convenience.
- Actively encourage the registration of all eligible workers and relevant employers.
- 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 2020

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

Statement of profit or loss and other comprehensive income

	2020
	\$
INCOME	
Contributions from levy payers	21 613 652
Other income	2 120 399
Employee benefits expense	(1 002 702)
Depreciation and Amortisation	(152 530)
Fees and allowances	(39 848)
Long service leave benefit payments	(10 767 452)
Long service scheme expense - current	7 524 000
Occupancy costs	(25 774)
Other expenses	(461 940)
Finance expenses	(12 660)
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NET SURPLUS/(DEFICIT)	18 795 145
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TOTAL COMPREHENSIVE INCOME FOR THE YEAR	18 795 145

Statement of financial position

	2020
	\$
ASSETS	
Current assets	
Cash and cash equivalents	1 011 704
Trade and other receivables	19 589 296
Other financial assets	76 290 793
TOTAL CURRENT ASSETS	<hr/> 96 891 793 <hr/>
Non-current assets	
Property, plant & equipment	691 471
Intangible assets	79 535
TOTAL NON-CURRENT ASSETS	<hr/> 771 006 <hr/>
TOTAL ASSETS	<hr/> 97 662 799 <hr/>
LIABILITIES	
Current liabilities	
Trade and other payables	281 572
Lease liabilities	76 640
Short-term provisions	10 900 000
Other liabilities	11 140
TOTAL CURRENT LIABILITIES	<hr/> 11 269 352 <hr/>
Non-current liabilities	
Lease liabilities	605 157
Long-term provisions	43 528 000
TOTAL NON-CURRENT LIABILITIES	<hr/> 44 133 157 <hr/>
TOTAL LIABILITIES	<hr/> 55 402 509 <hr/>
NET ASSETS	<hr/> 42 260 290 <hr/>
EQUITY	
Reserves - implementation funding	296 867
Retained earnings	41 963 423
TOTAL EQUITY	<hr/> 42 260 290 <hr/>

The complete set of audited financial statements and notes to and forming part of the financial statements or the year ended 30 June 2020 is published in the 2019-20 Annual Report.

Contact Details

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