

### 2020-21 At a Glance

- 10,729 workers and 651 employers registered and actively participating in the Scheme.
- 819 benefit payments made to workers who have been involved in the Territory construction industry, at a cost to the Scheme of around \$4.5M.
- Approximately \$2.8M in contributions received from levy payers.
- Overall increase in net assets for the year of \$11.8M, due to significant investment returns on managed funds, bringing total Scheme assets to \$110M.
- Estimated total accumulated liabilities of \$55.6M recorded, with the result that the Scheme's assets continue to cover liabilities.
- COVID 19 impacts mitigated through enhanced remote working capabilities and review of relevant guidelines to better accommodate potential financial hardship claims.
- Preliminary analysis and evaluation of the operation of the section 33 major project levy mechanism in the context of the major gas plant project, to identify potential efficiency or reform opportunities.
- Project audit activities undertaken, to ensure a practical and pro-active approach to levy compliance, broader Scheme awareness and understanding, and constructive relationships with stakeholders.

### About NT Build

NT Build is a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act* on 1 July 2005. It is administered by a board comprising 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 pay long service leave benefits accrued by construction workers while working on defined projects in the Territory.

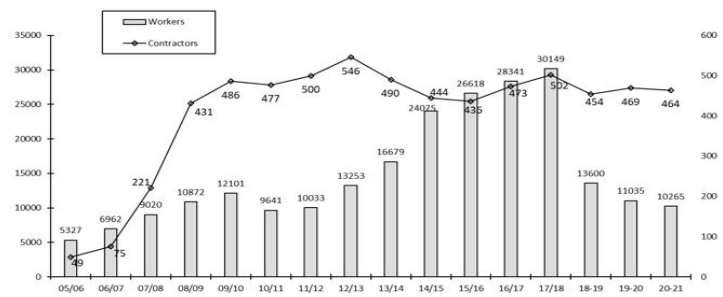
NT Build is party to a National Reciprocal Agreement between similar schemes in all Australian jurisdictions.

### Scheme statistics

#### Worker registration numbers

As shown in the graph below, the total number of active worker registrations recorded by the Scheme continued a downward trend, with 10,729 active workers recorded at 30 June 2021 (down 775 workers from the previous reporting period). This figure comprised 10,265 employees and 464 contractors.

Chart: Employee v contractor registrations



This decrease is a result of a data cleanse of records for workers who had been inactive for a period of more than four years, and progressive interstate movement of workers as the construction phase of the recent major gas plant project wound up.

The current active registration numbers are within the 'norm' and more reflective of the Territory construction industry workforce.

#### Benefit payments

Since its establishment, NT Build has made long service leave payments totaling \$36M to over 8,300 employees and contractors who have worked on construction projects in the Territory.

During the 2020-21 reporting period, 819 benefit payments were made, totalling around \$4.5M (down significantly from recent years, again due to the wind up of the major gas plant project).

Benefit Claims	2017-18	2018-19	2019-20	2020-21
Lodged interstate	365	582	676	422
Lodged NT Build	797	1 235	783	397
<b>Total claims</b>	<b>1 162</b>	<b>1 817</b>	<b>1 459</b>	<b>819</b>

#### 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

2016-17	2017-18	2018-19	2019-20	2020-21
\$1276 pw	\$1298 pw	\$1325 pw	\$1325 pw	\$1399 pw

## Age profile

	June 18	June 19	June 20	June 21
Average age	39	39	39	40
Oldest	83	84	84	85
Youngest	15	15	16	16

## Days of service

	June 2018	June 2019	June 2020	June 2021
Total estimated service days	16.55M	18.30M	19.26M	22.03M

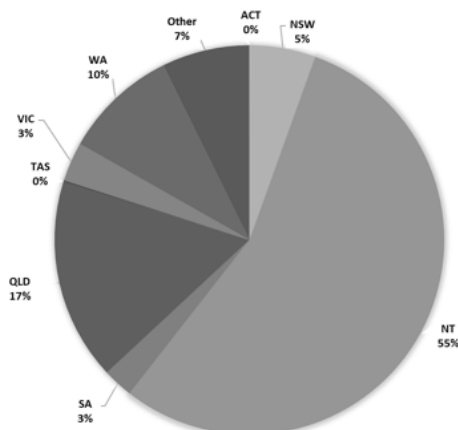
## Scheme demographic

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 55% of the workers record an NT contact address, they also illustrate the transient nature and mobility of the workforce in the construction industry across state and territory borders.

Table: No. of workers by contact location

	2017-18	2018-19	2019-20	2020-21
ACT	23	10	8	5
NSW	2 487	1 098	683	584
NT	14 189	6 197	5 699	5 907
QLD	6 060	2 731	2 108	1 796
SA	713	337	240	270
TAS	160	34	23	18
VIC	1 605	594	407	348
WA	3 156	1 763	1 261	1 019
Other	2 249	1 290	1 075	782
<b>Total</b>	<b>30 651</b>	<b>14 054</b>	<b>11 504</b>	<b>11 504</b>

Graph: Percentage of workers by contact location 2020-21



## Employer registration numbers

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

	June 18	June 19	June 20	June 21
Registered Employers	557	588	631	651

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 2018	June 2019	June 2020	June 2021
Total levy income # (approximate)	\$1.6M	\$1.4M	\$21.6M	\$2.8M

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

The Scheme recorded a total levy income of \$2.8M in 2020-21. This represented a significant decrease in comparison to the uncharacteristically high \$21.61M recorded in 2019-20, which was attributable to the major gas plant project, but is a healthy result compared with annual levy income in the years prior to 2019-20.

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.

One notice was issued during the 2019-20 reporting period, and prompted a compliant outcome.

## 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 and other efforts to secure payment have failed.

No recovery action was required during 2020-21.

## Actuarial Advice

### Long service leave liability

For accounting purposes, as at 30 June 2021, the actuary recommended the adoption of a liability of \$54.71M for accrued long service leave benefits.

This valuation represents a small increase of \$288,000 from the previous year's estimate.

The key assumptions made by the actuary in performing the liability valuation for the 2020-21 reporting period are covered in detail in the Notes to the financial statements included in Part 3 of the Annual Report.

### Section 91 actuarial review

The Scheme has undergone five triennial reviews to date. The most recent review occurred in the 2019-20 reporting period and resulted in the Minister retaining a levy rate of 0.1%. Key findings of that review included:

- Scheme had a small surplus that had decreased sharply in preceding weeks due to investment market falls.
- Surplus was expected to be supplemented by upcoming major gas plant project levy income.
- Current levy rate of 0.1% is below break-even levy rate, estimated to be between 0.29-0.35%, and may not be sustainable in the longer term.
- 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 did not attempt to capture all potential impacts.

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

### Investment of funds

The sound investment Scheme funds plays an important role in ensuring there will be sufficient funds to meet both immediate and longer term liabilities, whilst maintaining the current low levy rate for as long as possible.

This is particularly so, given the current levy collection structure (0.1% on projects over \$1M), and certain exemptions associated with the housing and resources sectors, which will necessarily have a material impact on the Scheme's long term sustainability.

During the 2020-21 reporting period, the Scheme's investment strategy comprised a combination of direct cash investments, and a multi-asset class, multi-manager fund provided by our implemented consultant JANA Moderate Trust.

As at 30 June 2021, 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 Annual Report, the table below reflects the actual amounts invested and redeemed.

Fund Managers	Accumulated funds invested at 30 June 2020	Funds invested/ (redeemed) 2020-21	Total funds invested at 30 June 2021
MLC/JANA	\$58.6M	\$12M	\$70.6M

## Corporate Governance

### Board membership

The Scheme is administered by a Government appointed Board. The membership of the Board as at 30 June 2021 consisted of: Michael Martin OAM (Chairperson), David Malone, Dick Guit OAM, Michael Milatos, Rosemary Campbell, Sarah Rummery, and David Hayes.

### Board decisions

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

- 76 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.

## Communications and Marketing

### General activities undertaken

- Advertising in relevant industry publications.
- Maintenance of the NT Build website.
- Production of a range of customer information bulletins and fact sheets.
- Delivery of formal and informal presentations to targeted customers, including conducting regional visits to Katherine, Nhulunbuy, Tennant Creek and Alice Springs, as well as local site visits and information sessions

### 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

- Closely monitor the Scheme's financial position and report on its ongoing financial status in the current low levy (0.1%) and high project value threshold (\$1M) environment.
- Continue to monitor and review the investment strategy and its performance, to identify opportunities to support the ongoing financial viability of the Scheme.
- Review operation of major project levy provisions and consider potential reforms, following analysis and evaluation of the recent the recent major gas project experience.
- Monitor and review the operation of primary business systems to ensure operational savings, improvements and efficiencies are maximised.
- Undertake advertising and educational awareness activities to raise awareness of the Scheme, and actively encourage registration of eligible workers.
- Undertake project audit activities to ensure a practical approach to levy compliance and broader Scheme awareness and understanding, and constructive relationships with stakeholders.

## Financial Statements For Year Ended 30 June 2021

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

### Statement of profit or loss and other comprehensive income

	2021
	\$
<b>INCOME</b>	
Contributions from levy payers	2,814,403
Other income	16,494,764
Employee benefits expense	(894,736)
Depreciation and amortisation expense	(164,161)
Fees and allowances	(35,820)
Long service leave benefit payments	(5,623,998)
Long service scheme revaluation - current	(288,000)
Occupancy costs	(26,078)
Other expenses	(421,162)
Finance expenses	(12,966)
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<b>NET SURPLUS/(DEFICIT)</b>	<b>11,842,245</b>
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<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>11,842,245</b>
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### Statement of financial position

	2021
	\$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	8,131,894
Trade and other receivables	865,846
Other financial assets	100,122,868
<b>TOTAL CURRENT ASSETS</b>	<hr/> <b>109,120,608</b> <hr/>
<b>Non-current assets</b>	
Property, plant & equipment	606,846
Intangible assets	-
<b>TOTAL NON-CURRENT ASSETS</b>	<hr/> <b>606,846</b> <hr/>
<b>TOTAL ASSETS</b>	<hr/> <b>109,727,454</b> <hr/>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	201,006
Lease liabilities	78,113
Short-term provisions	12,800,000
Other financial liabilities	102,755
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> <b>13,181,874</b> <hr/>
<b>Non-current liabilities</b>	
Lease liabilities	527,044
Long-term provisions	41,916,000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<hr/> <b>42,443,044</b> <hr/>
<b>TOTAL LIABILITIES</b>	<hr/> <b>55,624,918</b> <hr/>
<b>NET ASSETS</b>	<hr/> <b>54,102,536</b> <hr/>
<b>EQUITY</b>	
Reserves	296,867
Retained earnings	53,805,669
<b>TOTAL EQUITY</b>	<hr/> <b>54,102,536</b> <hr/>

The complete set of audited financial statements and notes to and forming part of the financial statements or the year ended 30 June 2021 is published in the 2020-21 Annual Report.

### Contact Details

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