Annual Report
2011-12

NT BUILD
Portable long service leave
Northern Territory Construction Industry

www.ntbuild.com.au

NT Build - portable long service leave
Annual Report 2011-12

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 2011-12 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 Terry Mills MLA
Minister for Lands, Planning and the Environment
Legislative Assembly of the Northern Territory
Darwin NT 0800

Dear Minister

RE: NT BUILD ANNUAL REPORT 2011-12

On behalf of the NT Build Board, I am pleased to present you with the seventh NT Build Annual Report, for the year ending 30 June 2012.

The report details the activities and achievements of NT Build during its seventh 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 2012 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

17 October 2012

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Part 1: Introduction and overview

Chairperson's and Registrar's report

The 2011-12 reporting period remained a time of continued consolidation for the scheme which has now completed seven years of operation.

During the year the scheme continued to enjoy strong employer and worker support, achieving total active registrations of 10 533 workers and 312 employers as at 30 June 2012. A further 148 benefit claims (totalling 642 since the scheme commenced) were also processed as more workers became eligible for benefit payments, due in part to the National Reciprocal Agreement, which recognises workers' service from other jurisdictions.

In August 2012 the Minister for Lands and Planning decided that the NT Build levy rate would be reduced from 0.4% to 0.3% effective from 1 April 2012. The levy rate reduction gives effect to the recommendation to the Minister made by the scheme's Actuary following the statutory triennial review of the scheme.

The impact of a 25% reduction to the scheme's income was relatively minor for this reporting period. However, the full impact will be realised during future reporting periods. Notwithstanding the magnitude of the levy rate reduction, the scheme's actuary predicts that NT Build will be able to comfortably meet its liabilities in the medium term. The NT Build Board will continue to closely monitor the scheme's financial position and make timely recommendations to the Minister if necessary.

The unusually high increase in levy income in 2011-12 when compared to previous years was largely attributable to a substantial levy liability accrued to the scheme in relation to the commencement of a major construction project being undertaken in the Territory.

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 $28.5 million as at 30 June 2012. While this represented an increase of $7.5 million from the previous reporting period it is pleasing to note that the scheme's assets continue to cover its estimated liabilities.

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

BARRY CHAMBERS
Chairperson

THEO TSIKOURIS
Registrar

2011-12 Highlights

- 25% reduction in the levy rate, from 0.4% to 0.3%, effective from 1 April 2012.
- Conducted second formal triennial actuarial review of the administration of the scheme, methods used in working out long service benefits and the levy rate.
- Continued to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Recorded approximately $12 million in levy contributions (up by $2.1 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 10 533 workers, 312 employers and made benefit payments to 148 workers at a cost of $450 000.
- Minimised the impact of the global financial crisis on the scheme's financial assets through the continuation of a conservative investment strategy.

2012-13 Priorities

- 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 in force for the period ended 30 June 2012 the Department of Lands and Planning had the principal responsibility for the general administration of the CILSLB Act[1]. 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.

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1 Following the change in Government after the General Election held on 25 August 2012, a new Administrative Arrangements Order was issued on 4 September 2012 announcing changes to the structure of the public service. Under the new Arrangements principle responsibility for the general administration of the CILSLB Act was allocated to the newly formed Department of Lands, Planning and the Environment. While the Minister for Lands and Planning was the responsible Minister as at 30 June 2012, this report has been submitted to the Minister for Lands, Planning and the Environment as the current Minister responsible for the scheme.

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 Arrangement.

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.

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 benefits accrued under this scheme are paid by NT Build upon application by the worker or their authorised representative.

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 workers’ 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.

Unless an exemption applies, the levy is payable on all construction projects of $200 000 or more in value and is calculated as a percentage of the total cost of the work.

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.

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.

The levy rate is based on actuarial estimates of the anticipated level of expenses and income for the scheme and is determined by the Minister responsible for the scheme.

For construction work that costs up to $1 billion, the amount of the levy is calculated as a set percentage of the cost of the work.

A two tier levy regime applies to projects with costs in excess of $1 billion. Under this two tier 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 specific levy rate - determined by the Minister and based on actuarial advice - is applied to the project costs that exceed the $1 billion threshold.

Effective from 1 April 2012, the Northern Territory Government approved a 25% reduction in the levy rate. This reduction gave effect to the recommendations made by the scheme's actuary following the second statutory triennial review of the scheme.

The 'standard' prescribed levy rates that apply to eligible construction works undertaken in the Territory are:

- 0.3% for work started on or after 1 April 2012, regardless of completion date.
- 0.4% for work started from 1 July 2009 to 31 March 2012, regardless of completion date.
- 0.5% for work started from 1 July 2005 to 30 June 2009, regardless of completion date.

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.

This reporting period saw the commencement of the first project covered by the two tier levy regime since the amendment to the legislation was introduced in 2009. The INPEX ICHTHYS project started in April 2012. Accordingly, the levy liability calculated in relation to the initial levy amount applicable to the first $1 billion of the ICHTHYS project's cost has been recorded as accrued income in the scheme's financial statements reported in this report. Given the long period of construction involved with this project, discussions were held with INPEX management to determine the most appropriate method for the implementation and administration of the levy arrangements. It is essential these arrangements are clarified to ensure the smooth administration of the levy arrangements over the duration of the project life.

Statistical highlights

Workers

<u>Registration numbers</u>

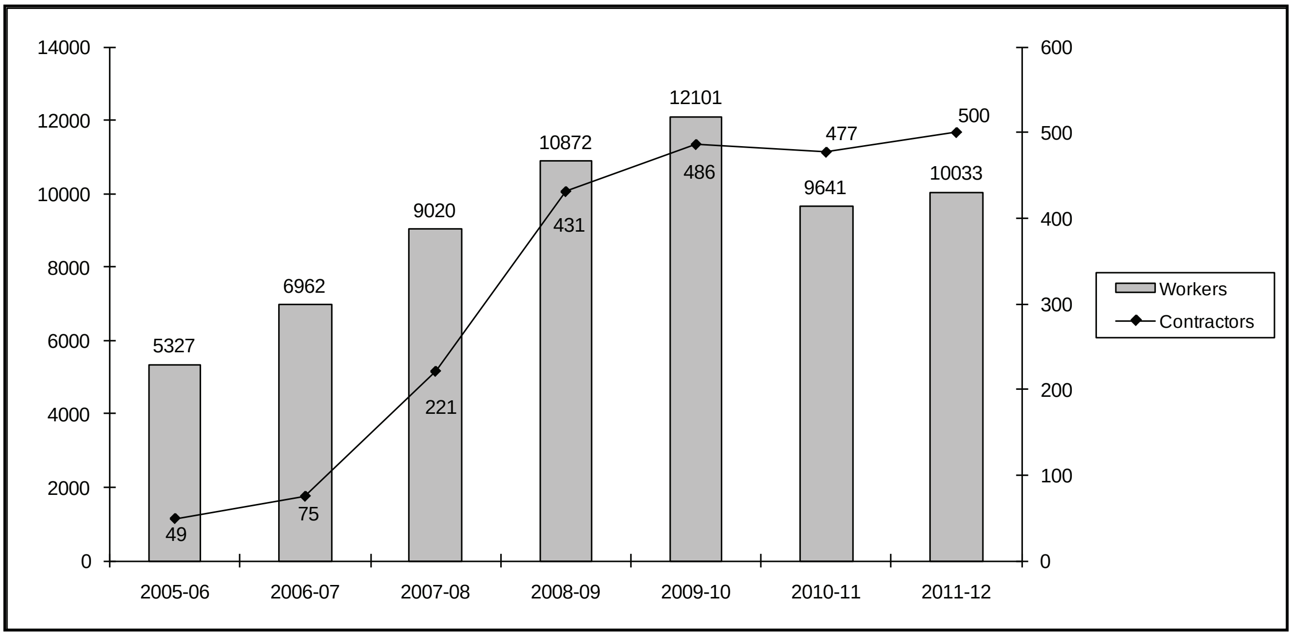
The CILSLB Act defines a construction worker as a person who carries out construction work either as an employee or as a contractor - who only supplies their own labour. Construction workers can also be engaged on a full-time, part-time or casual basis.

As shown in the table and chart below, the total number of active worker registrations recorded by the scheme reflected a slight increase of 415 on the numbers for the previous reporting period. This variance consists of 392 employees and 23 labour-only contractors.

Table 1: Total number of worker registrations

Total Registrations	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011	June 2012
Approved	5 376	7 037	9 241	11 303	12 587	10 118	10 533
Rejected	39	43	60	83	94	125	110

Chart 1: Employee and labour-only contractor registrations



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 the impact of this initial deregistration process is illustrated in the Table 1 above. On going deregistrations are automatically processed biannually.

The highly transient nature of the Northern Territory construction industry workforce is evidenced by the deregistration of a total of 5 709 workers from the NT Build scheme as at 30 June 2012. While these workers are no longer active in the Territory construction industry a majority of the workers are still actively working in the construction industry - interstate.

Under the terms of the National Reciprocal Arrangement, 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.

Each Australian state and territory is party to the National Reciprocal Arrangement. This Arrangement provides for a worker's service credits while working in the building and construction industry in any of the states or territories, to be recognised as part of that worker's qualifying period of service for the purpose of determining their long service leave entitlement.

This means that workers are able to have construction industry service accrued both with multiple employers and across multiple jurisdictions combined towards accruing a long service leave entitlement. It is therefore anticipated that a significant proportion of the scheme's deregistered workers will have their NT service reinstated under the terms of the National Reciprocal Arrangement.

The level of participation by eligible workers in the scheme have previously been noted by both the scheme's actuary and the Northern Territory Auditor-General. In the Triennial Actuarial Review Report tabled in the Legislative assembly on 21 June 2012 the scheme's actuary noted the following as likely issues affecting scheme registrations.

- Very high turnover of employment in the local construction industry.
- The voluntary nature of the NT Build scheme (whereas most equivalent interstate schemes are compulsory).
- The high proportion of the NT construction industry workforce operating as labour-only contractors rather than employees.

Industry feedback also supports anecdotal evidence that there may be a significant number of eligible labour-only contractors in the Northern Territory who are not registered with the scheme.

Plans to promote the scheme and actively encourage the registration of all eligible workers in the Northern Territory construction industry have been developed and a focused marketing program will be implemented in late 2012.

It is noted however that any significant increase in registrations would see an increase in the scheme's liabilities without attracting any additional levy income. The actuary has taken this into account in recommending a reduction in the levy rate.

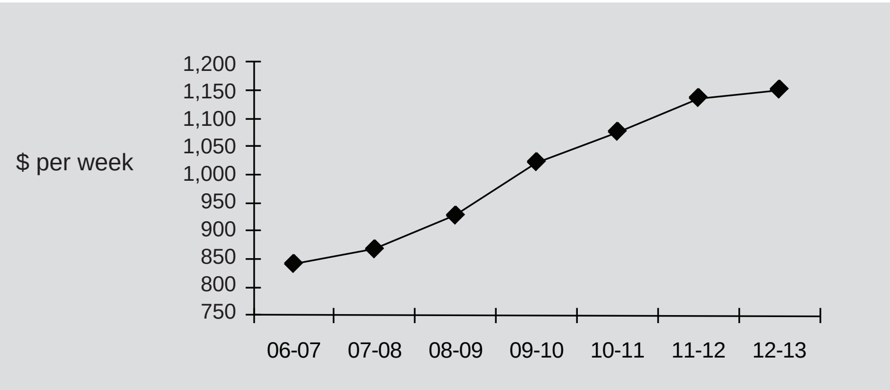
Benefit payments

A worker who has accrued a long service leave credit 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. This process provides greater certainty in predicting future liabilities than is the case for a number of interstate schemes.

The benefit payment rate for the 2011-12 period was $1136 per week and at the Board Meeting held on 20 June 2012 the new rate of $1151 per week was approved to take affect from 1 July 2012. The following table and chart 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	2012-13
$810pw	$841pw	$867pw	$927pw	$1022pw	$1076pw	$1136pw	$1151pw



The CILSLB Act contains special pro rata provisions to enable a long service leave benefit to be paid to workers who retire, cease to perform construction work or die. However, generally a worker must accrue 65 days long service leave credit (i.e. 10 years service) before they can apply for 13 weeks (i.e. 65 days) long service leave. Once accrued the leave may also be taken in separate periods of not less than 5 days. Subsequent credits of long service leave can then be accessed after every additional accrual of 32.5 days long service leave credit (i.e. 5 years service).

While the NT Build scheme will not mature for another three years, a total of 148 claims for long service leave benefits were paid during the 2011-12 reporting period. These claims resulted in a total gross benefit payments expense of approximately $450 000 in respect of work performed in the Northern Territory, which was significantly more than the $242 000 paid during the 2010-11 reporting period.

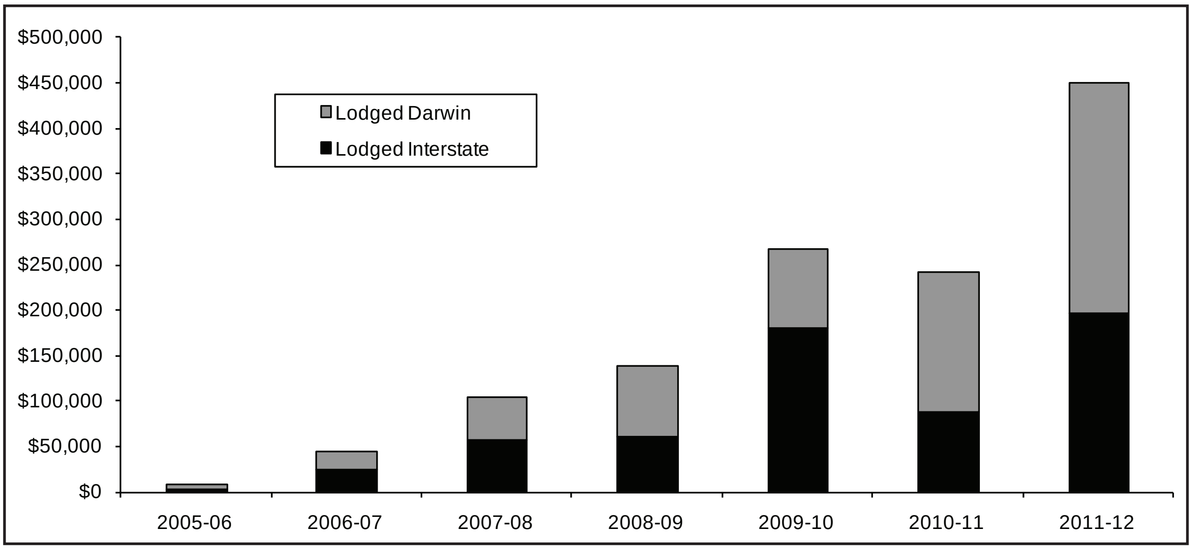
It can be expected that the amounts paid out will continue to increase as the scheme reaches maturity.

Table 3: Benefit claims processed

Benefit Claims	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Lodged through interstate scheme	7	24	50	60	105	72	99
Lodged through NT Build	4	22	21	34	48	47	49
Total claims lodged	**11**	**46**	**71**	**94**	**153**	**119**	**148**

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 Arrangement. 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.

Chart 3: NT Benefit Payments by place of lodgement.



Registration profile

Table 4: Age profile

	June 06	June 07	June 08	June 09	June 10	June 11	June 12
Average age	38	39	39	40	40	39	38
Oldest #	72	73	74	75	80	81	77
Youngest *	16	15	14	15	15	14	15

*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 06	June 07	June 08	June 09	June 10	June 11	June 12
Total estimated service days	1M	1.5M	2.6M	3.25M	3.24M	4.35M	5.12M

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

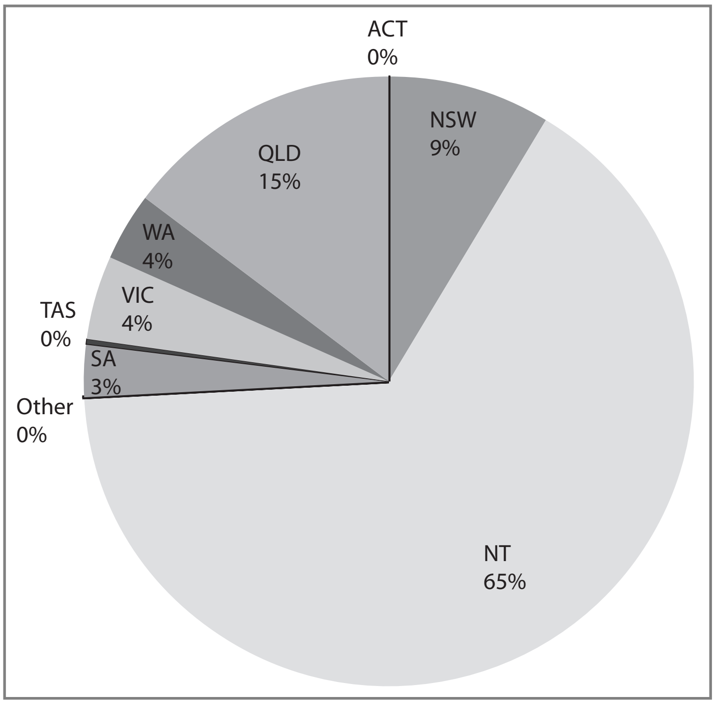
Scheme demographic

The continued success of the scheme in terms of providing benefits to Northern Territory construction industry workers and in attracting skilled workers to the Territory is evidenced by the following table and chart which shows that almost two thirds 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	2011-12
ACT	4	7	10	11	13	11	11
NSW	649	824	1 025	1 272	1 364	885	903
NT	2 619	3 579	4 970	6 172	7 043	6 101	6 899
QLD	1 463	1 751	1 991	2 273	2 436	1 480	1 534
SA	236	291	383	452	481	289	286
TAS	35	47	64	72	72	38	35
VIC	189	270	438	558	615	473	471
WA	181	268	360	493	563	364	380
Other	-	-	-	-	-	-	14
Total	**5 376**	**7 037**	**9 241**	**11 303**	**12 587**	**9 641**	**10 533**

Chart 4: Percentage of workers by contact location, 2011-12



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	June 2012
Registrations	192	204	219	230	238	256	312

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 2011-12 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 contributions from levy payers

	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011	June 2012
Total levy income # (approximate)	$3.2M	$5.3M	$8.0M	$11.8M	$8.3M	$9.9M	$12.0M*

#includes accrual of full levy amount where payment by an instalment plan has been granted
*includes accrual of initial levy liability amount calculated in relation to the start of a major project

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 15 notices were issued during the 2011-12 reporting period.

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

YEAR	B/FWD	New Notices	Finalised	C/FWD
2011-12	2	15	16	1
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
2011-12	3	4	5	2
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 remained appropriate for the 2011-12 reporting period. The Board therefore continued to implement the scheme's investment strategy through a combination of:

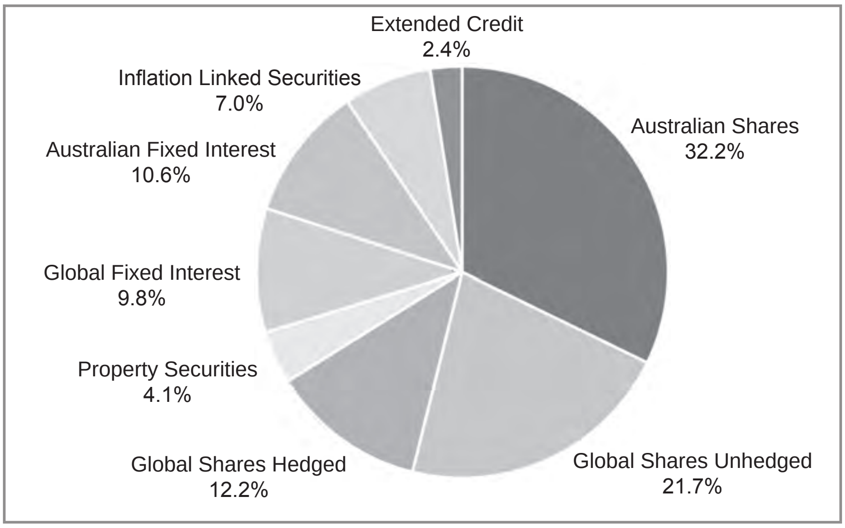
- direct cash investments with Westpac and TIO; and
- a multi-asset class, multi-manager fund provided by JANA Moderate Trust [*formerly MLC(NCIT) Moderate Trust*].

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	2011-12	TOTAL
MLC/JANA	-	$4.2M	$3.9M	-	$4.9M	$4.7M	$2.0M	**$19.7M**
TIO	-	-	$2.8M	$4.3M	$0.3M	$1.0M	$6.5M	**$14.9M**
WESTPAC	-	-	-	$5.0M	$2.8M	-	-	**$7.8M**
TOTAL	**-**	**$4.2M**	**$6.7M**	**$9.3M**	**$8.0M**	**$5.7M**	**$8.5M**	**$42.4M**

Chart 5:Actual asset allocations of MLC/JANA managed portfolio - 30 June 2012



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 and 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 extend to which service credits are abandoned without benefit payments in the future; and
- A funding period of ten years for non-levied activity.

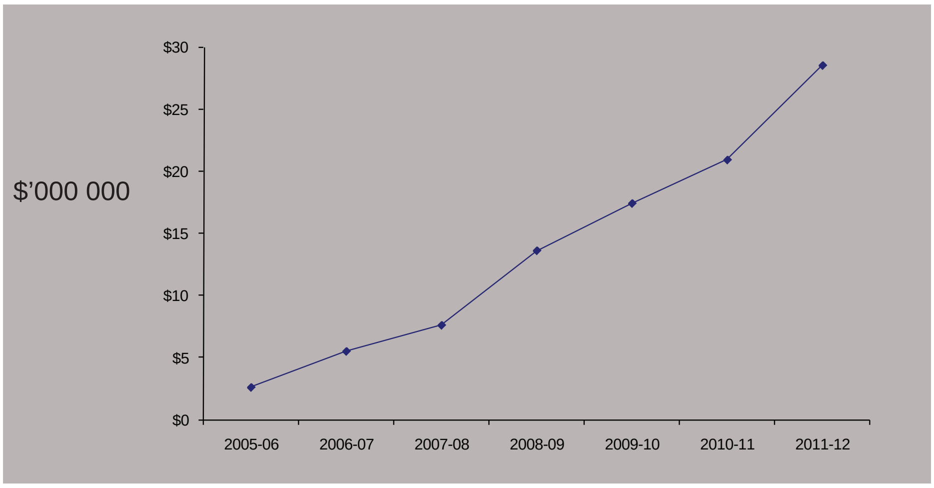
Having regard for the above factors, the scheme's consulting actuary Cumpston Sarjeant Pty Ltd assesses and recommends a liability amount for accrued long service leave benefits to be adopted for accounting purposes as at 30 June each year.

For accounting purposes as at 30 June 2012 the actuary recommended a liability of $28.5 million for accrued long service leave benefits be adopted. This represents an increase of $7.5 million from the 30 June 2011 estimate.

Table 12: Summary of accrued long service leave liability

2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
$2.6M	$5.5M	$7.6M	$13.6M	$17.4M	$20.9M	$28.5M

Chart 6: Rate of long service leave liability accrual



As noted above, a provision of $28.5 million has been disclosed on the Statement of Financial Position of the Board as at 30 June 2012 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 each review are presented to the Minister responsible for the scheme and tabled in the Legislative Assembly.

The first review of the scheme was undertaken in November 2008. As part of 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
- Effective from 1 July 2009, 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.

Following the completion of the scheme's sixth year of operation, a second triennial actuarial review was undertaken during the 2011-12 reporting period. The advice of the actuary was also sought on the impact of an additional 2000 participants in the scheme over the next 5 years with steady growth beyond that period.

In response to the actuary's findings in the second review, in regards to the levy rate, the NT Government approved a 25% reduction in the levy rate, from 0.4% to 0.3% of leviable activity effective from 1 April 2012.

As discussed earlier in this report, the Triennial Actuarial Review Report made note of the lower than anticipated level of participation by eligible workers in the scheme.

In response to both the actuarial review and anticipated growth in the local construction industry workforce, a focused marketing program has been developed and will be implemented in late 2012 in the endeavour to promote the scheme and actively encourage the registration of all eligible workers in the Northern Territory construction industry.

Part 2 Operational governance

The Board

Functions and powers

The *Construction Industry Long Service Leave and Benefits Act* (CILSLB Act) sets out the Board's main functions as well as the powers that the Board may exercise in performing those functions. The functions of the Board in administering the portable long service leave scheme (provided for in section 55 of the CILSLB Act) include:

- administration of the scheme; and
- providing advice and making recommendations to the Minister about the operation of the Act.

In exercising its powers and carrying out its functions, the CILSLB Act obliges the Board to do so in a manner that is reasonable and accords with and furthers the object of the Act.

Membership

The scheme is administered by a Government appointed Board. Under the CILSLB Act, Board members are able to hold office for a period of up to five years, and may be reappointed. The membership of the NT Build Board as at 30 June 2012 is outlined on page 27.

During the reporting period one member, Trevor Gauld, resigned his appointment resulting in the appointment of a new member, Michael Haire, as a replacement representative from the ETU.

Conducting business

<u>Meetings</u>
During this reporting period the Board convened a total of 18 times, including 5 regular meetings and 13 occasions involving specific matters that required attention between scheduled meetings. Due to the small size of the Board, all matters are dealt with by the Board as a whole.

Further detail regarding members' participation at meetings is provided in the Financial Statements included in this report.

<u>Remuneration</u>
Board members are remunerated, in accordance with the rates and conditions determined under the *Assembly Members and Statutory Officers (Remunerations and Other Entitlements) Act*, based on a classification that recognises the range of duties, powers and responsibilities assigned to the Board.

Further detail regarding payments to members is provided in the Financial Statements included in this report.

General Decisions
In the course of the 18 meetings of the Board, 56 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.

Policy Decisions
One new policy decision, relating to the revised weekly benefit level, was resolved during this reporting period.

All policies are intended as a guide only and are not intended to bind the Board to any particular action or decision affecting the operation or administration of the portable long service leave scheme.

Copies of all policies are published on the website at: *www.ntbuild.com.au*

Ministerial directions
Section 67 of the CILSLB Act enables the Minister to give a direction to the NT Build Board relating to the exercising of its powers or the performance of its functions.

No directions pursuant to section 67(1) of the CILSLB Act were given during the year ending 30 June 2012.

Reconsideration/reviews
Under the CILSLB Act, a person affected by a decision made by either the Registrar or the Board may request the Board to formally reconsider that decision.

As illustrated in the following table, no applications for reconsideration were received during this reporting period.

Table 13: Summary of applications for review/reconsideration lodged

YEAR	B/FWD	LODGED AGAINST		RESOLVED	C/FWD
		decision of Registrar	decision of Board		
2011-12	-	-	-	-	-
2010-11	-	-	1	1	-
2009-10	1	-	1	2	-
2008-09	-	-	2	1	1
2007-08	-	-	1	1	-
2006-07	-	-	1	1	-
2005-06	-	1	-	1	-

Similarly, a person who has applied to the Board for a reconsideration of a decision may, if dissatisfied with the decision, apply to the Local Court for a review of the Board's reconsidered decision. One application for a review by the Local Court was received during a previous reporting period (2009-10) and is not expected to be resolved until late 2012.

Disclosure of interests

As required under the CILSLB Act a register of the interests of members of the Board is maintained. All members submit an initial written declaration stating any interests of relevance to Board business and a process has been implemented to ensure any new or amended declarations are disclosed at each meeting.

Board membership at 30 June 2012

Independent Chairperson	**Barry Chambers** Retired NT Public Sector employee Former chief executive officer of NT infrastructure agencies	
Two members who represent organisations that represent the interests of employees	**Mick Huddy** NT Organiser Construction, Forestry, Mining & Energy Union (CFMEU)	
	Michael Haire NT Organiser Electrical Trades Union (ETU)	
Two members who represent organisations that represent the interests of employers	**Graham Kemp** Executive Director Master Builders NT (MBA NT)	
	Dick Guit General Manager Sitzler Pty Ltd Co-Vice President of the MBA NT	
Additional member appointed by the Minister	**Tony Stubbin** Assistant Under Treasurer (Economics) Northern Territory Government	

The Office

Registrar

The CILSLB Act requires that a Registrar (who is to be an employee within the meaning of the *Public Sector Employment and Management Act*) be formally appointed by the Board for the scheme. The current Registrar for the scheme, Mr Theo Tsikouris, was formally appointed in January 2006.

The specific powers and primary functions of the Registrar are set out in the CILSLB Act. The functions of the Registrar in administering the portable long service leave scheme (provided for in section 77 of the CILSLB Act) include:

- Administering the scheme in accordance with any directions given by the Board;
- Exercising any powers or functions delegated by the Board;
- Maintaining construction worker and employer registers;
- Approving of forms to be used for the scheme; and
- Approving registrations and deregistrations for the scheme.

Staff

Section 59 of the CILSLB Act enables the Board to engage any person to assist it in exercising its powers and performing its functions. For administrative efficiency however the Board made the decision to source employees from within the Northern Territory Public Sector rather than employ directly.

In accordance with the December 2009 Administrative Arrangements Order responsibility for the administration of the CILSLB Act is allocated to the Department of Lands and Planning (DLP). For administrative purposes, this means that for the reporting period ended 30 June 2012 NT Build was a part of DLP, reporting to the Minister for Lands and Planning. Likewise, the staff of NT Build are employees of DLP, however under an agreed arrangement the staff of NT Build are made available the Board on a full cost recovery arrangement.

As illustrated in the following tables, the staffing profile for NT Build as at 30 June 2012 consisted of 7 full time staff, one up on the previous year as a result of all positions being filled.

Table 14: Staffing profile as at 30 June 2012

Classification	**At 30 June 12**	
Level	**FTE**	**Gender**
ECO1	1	M
SAO1	1	F
AO7		
AO6	3	2M, 1F
AO4	2	M, F
AO2	0	-
	7	

Table 15: Staffing FTE as at 30 June

As a 30 June	**FTE**
2012	7
2011	6
2010	7
2009	5.5
2008	6.2
2007	7
2006	4.5

For the purpose of managing staff, the Registrar and other DLP employees made available to the Board are engaged under the standard NT Public Sector employment arrangements. In addition, the Registrar has been provided with delegations equivalent to those applicable to an NTPS Chief Executive Officer under the provisions of the *Public Sector Employment and Management Act*, in relation to the staff of NT Build.

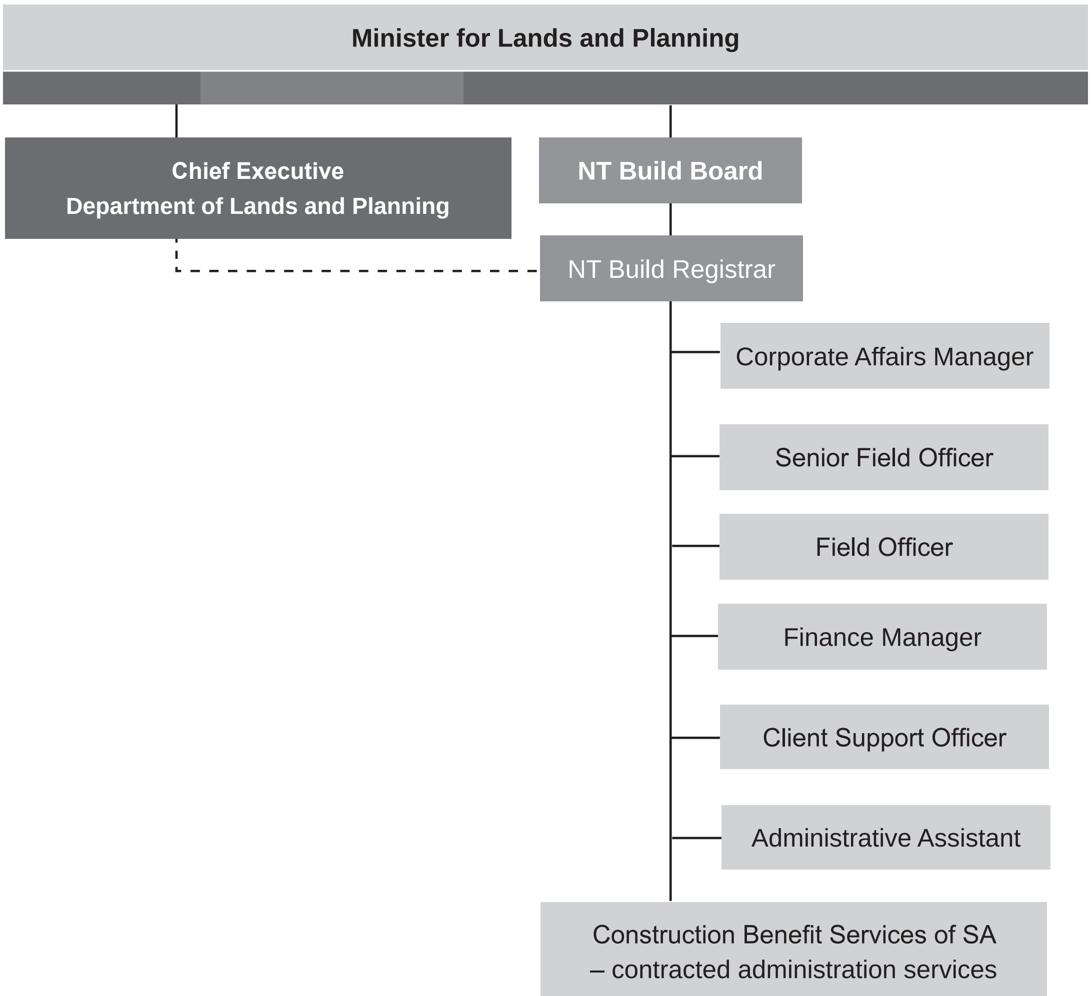
Disclosure of interests

In accordance with the Northern Territory Public Sector Code of Conduct, NT Build staff are required to disclose any financial or other interests held by them immediately upon becoming aware that a potential conflict between personal interest and official duty, whether real or apparent, has arisen or is likely to arise.

Written declarations have been submitted by all relevant NT Build staff.

Organisation structure

The following diagram represents the organisation structure as at 30 June 2012.



One stop shop - construction industry registration boards

A one stop shop for building industry regulation has been established through the agreement of the Department of Lands and Planning (DLP) to co-locate within the office of NT Build the DLP Boards and Tribunals work unit, encompassing the following industry boards.

- Building Practitioners Board
- Electrical Workers and Contractors Licensing Board
- Plumbers and Drainers Licensing Board
- Northern Territory Architects Board
- Valuation Board of Review Panel

In March 2012, through a Service Level Agreement between the DLP and NT Build, the Board endorsed a shared cost arrangement for the dual appointment of Mr Tsikouris as the Executive Officer of the DLP Boards and Tribunals work unit to undertake managerial responsibilities to support the administrative staff and facilitate the day-to-day administrative functions of the DLP Boards and Tribunals work unit. The agreed arrangement is for a period of 12 months and will be reviewed on at least a six monthly basis. Mr Tsikouris concurrently fulfilled this role with that of the NT Build Registrar during this reporting period.

Information management

Information Privacy and Access (FOI)

As a ‘body corporate’ established under Territory legislation, NT Build is an identified entity for the purpose of reporting under section 98 of the *Information Act*.

In accordance with section 98 of the *Information Act*, NT Build reported to the Information Commissioner that no requests to access information held by NT Build were received during the 2011-12 financial year.

- *Managing Access*

NT Build strives to make information of interest available to any interested party, where such information does not interfere with the essential public interest, individual privacy or the effective operation of NT Build. In most cases, levy payers and registered workers and employers seeking access to their own information held by NT Build can obtain the information more quickly under the provisions of the CILSLB Act rather than by making an application for access under the *Information Act*.

- *Managing Privacy and Protection*

NT Build respects the privacy of individuals and is committed to collecting, using, storing and managing personal information in a manner that complies with the Information Privacy Principles.

More information is published on our internet site at:
http://www.ntbuild.com.au/ntbuild/info_privacy_foi.shtml

Records management

Part 9 of the *Information Act* (Records and Archives Management) provides for the establishment and implementation of records management standards. Adequate records management underpins the access, correction and privacy components of the *Information Act* by ensuring that Government information (records) can be found, read and reproduced in response to requests.

Notwithstanding that NT Build is a 'body corporate' established by Territory legislation, the Department of Lands and Planning is the agency designated under the Administrative Arrangements Order with responsibility for the general administration of the CILSLB Act.

For the purpose of Part 9 of the *Information Act*, all records relating to the administration of the CILSLB Act handled by NT Build are managed in accordance with the Department of Lands and Planning records management framework and policies.

Information systems

- *Office environment*

The Northern Territory Government's information technology services are managed through a number of outsourced service provision arrangements. NT Build operates within the standard Northern Territory Government information technology server environment.

- *Construction Benefits Services*

The Construction Industry Long Service Leave Board, South Australia, (CBS) continued to provide information and administration services throughout 2011-12, including the ongoing development and management of a business system to support the administration of the NT Build scheme.

Communication and marketing

Communication and marketing activities continued to play a significant role during this reporting period.

General marketing activities

Throughout the reporting period a number of customer focused marketing activities were implemented. These have included:

- Advertising in newspapers and relevant industry publications and directories;
- Conducting radio advertising campaigns targeting workers and levy payers;
- Maintenance of the NT Build website;
- Production of a range of targeted customer information bulletins and fact sheets; and
- Delivery of numerous formal and informal presentations to targeted customers, including conducting regional and local site visits and information sessions.

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, such as:

1. General presentations at industry forums;
2. Targeted presentations to employer and developer groups; and
3. Tailored on-site briefing sessions to employees, employers and developers.

- *Presentations to the Board*

During the reporting period six 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, the Registrar and nominated Board members participate 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.

Revised marketing strategy

As discussed previously on pages 15 and 23, the scheme's actuary and the Northern Territory Auditor-General noted concerns regarding the extend of scheme participation by eligible workers, including labour-only contractors. In response, the NT Build Board engaged the services of the local marketing and communications company Creative Territory Pty Ltd to develop and implement a public relations and marketing strategy aimed at getting more workers and labour-only contractors (subbies) in the Territory construction Industry to join NT Build.

A cornerstone of this strategy has been designed to target construction workers and 'subbies' through the use of electronic media and will include the use of radio and television commercials and the development of a mini-website to facilitate a simplified on-line registration process. This "Hey mate.....Cheers mate" campaign will be implemented in late 2012.

Insurance and risk management

Insurance

As a self funded statutory body corporate, insurance policies relating to public liability, vehicle and property damage and workers compensation have been endorsed by the Board to mitigate any financial risk to the scheme.

Internal audit

As the contracted financial advisers for the scheme, BDO Chartered Accountants and Advisers continued to provide NT Build with independent financial, accounting and taxation advice and services.

During the reporting period the following range of services were provided by BDO under the consultancy agreement.

- On-going ad-hoc general advice in regard to the accounting and taxation implications of NT Build activities.

- Preparation of annual Financial Statements for statutory auditing and reporting.

- Advice and assistance with the delivery of a compliance audit program aimed at strengthening levy compliance and supporting the effective and efficient administration of the scheme.

Levy compliance program

NT Build operates a 'Strategic audit and levy compliance program' to support its strategic audit framework. This framework introduced an annual audit program whereby routine audits of selected construction projects are to be conducted to ensure that levy payers are declaring and remitting the correct amount of levy that is required. All audits are undertaken by contracted external auditors.

The final report prepared by the auditor of a compliance review, including audit findings, are submitted in full to the Board for consideration and to determine any further action.

Where, as a result of the audit findings, the reconciled cost of the construction project results in a finding that the actual cost was less than the original estimate, NT Build will refund the overpaid portion of the levy payment.

This includes a full refund where the reconciled total cost of the construction project is determined to be less than $200 000.00.

However, if the total cost of construction is determined to be more than the amount originally notified to the Board, the payer will be required to pay the additional amount of levy. Penalty interest may also be applied.

The following table provides a summary of the status of the compliance audits undertaken.

Table 16: Summary of the audits undertaken

	B/FWD	STARTED	FINALISED	C/FWD
2011-12	4	-	2[a]	2
2010-11	2	4	2[a]	4
2009-10	1	2	1[a]	2
2008-09	-	1	-	1

(a) = Additional levy and interest penalty payable - audited final construction cost more than reconciled project cost declared.
(b) = Partial levy refunded - audited final construction cost less than reconciled project cost declared.
(c) = Full levy refunded - audited final construction cost assessed as less than $200 000 levy exemption amount.
(d) = No levy adjustment required - audited final construction cost same as reconciled project cost declared.

External audit

As required under the provisions of the CILSLB Act the annual statutory audit of the financial statements relating to the Board's operation for the year ending 30 June 2012 was undertaken by the NT Auditor-General.

The audited financial statements and accompanying report from the Auditor-General are included in this Annual Report.

Legal advice

Legal support services for NT Build are predominately provided by the Northern Territory Government Department of Justice. The Solicitor for the Northern Territory provides both general and high level advice on the interpretation and application of the CILSLB Act, including the undertaking of any prosecutions on behalf of NT Build when necessary.

Financial accountability

Part 3 Financial accountability

Financial Statements for year ended 30 June 2012

Board members' declaration

The members of the Board of NT Build declare that, in their opinion:

1. The financial statements and notes, as set out on pages 41 to 76:

   a) comply with the Australian Accounting Standards and other mandatory financial reporting requirements in Australia and the *Construction Industry Long Service Leave and Benefits Act*, and

   b) give a true and fair view of the Board's financial position as at 30 June 2012 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.

2. In the members of the Board's opinion there are reasonable grounds to believe that the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board and is signed for and on behalf of the Board of NT Build.

Board member: TONY STUBBIN

Board member: DICK GUIT

Dated: 13 September 2012

Independent auditor's report

Auditor-General

Independent Auditor's Report to the Board
NT Build
Year Ended 30 June 2012

Page 1 of 2

I have audited the accompanying financial report of NT Build which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the certification of the financial statements by the Board.

The Board's responsibility for the Financial Report

The Board of NT Build is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and for such internal controls as management determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on the financial report based on my audit. I conducted my audit in accordance with Australian Auditing Standards. Those standards require that I comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualification Opinion

The statutory obligation to notify NT Build of the commencement of a project rests with the developer. NT Build has implemented a number of mechanisms to help monitor compliance and identify leviable projects and consequently those liable to pay the levy, including monitoring projects where building permits under the *Building Act* are issued. It is noted that not all types of construction work carried out in the Territory require a building permit.

Due to the nature of the approval process within the Northern Territory construction industry, there exists some uncertainty regarding the ability of NT Build to identify all construction and maintenance projects that fall within the scope of the *Construction Industry Long Service Leave and Benefits Act*. As such, I am unable to satisfy myself as to the completeness of the $12,031,220 disclosed as 'Contributions from levy payers' in the comprehensive operating statement.

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Auditor-General

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Qualified Opinion

In my opinion, except for the effects on the financial report of the matter referred to in the Basis of Qualification paragraph, the financial report presents fairly, in all material respects, the financial position of the NT Build which as at 30 June 2012, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards.

F McGuiness
Auditor-General for the Northern Territory
Darwin, Northern Territory

18 September 2012

Level 12 Northern Territory House 22 Mitchell Street Darwin 0800 Tel: 08 8999 7155

Statement of comprehensive income

for the year ended 30 June 2012

	Note	2012	2011
INCOME		**$**	**$**
Contributions from levy payers		12 031 120	9 939 428
Other income - net	**2**	1 558 425	2 377 836
TOTAL INCOME		13 589 545	12 317 264
EXPENSES			
Depreciation and Amortisation	**3(a)**	3 072	3 224
Fees and allowances	**3(b)**	49 731	40 317
Long service leave benefit payments		574 129	465 169
Long service scheme expense - current	**10**	7 630 000	3 499 000
Occupancy costs		93 703	99 969
Employee expenses		710 551	736 626
Other expenses		612 053	528 730
TOTAL EXPENSES		9 673 239	5 373 035
NET SURPLUS		3 916 306	6 944 229
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		3 916 306	6 944 229

The statement of comprehensive income is to be read in conjunction with the notes to the financial statements.

Statement of financial position
as at 30 June 2012

	Note	2012 $	2011 $
ASSETS			
Current assets			
Cash and cash equivalents	**4**	27 150 123	21 441 405
Trade and other receivables	**6**	6 045 618	2 317 680
Other financial assets - investments	**7**	20 283 218	18 132 532
TOTAL CURRENT ASSETS		53 478 959	41 891 617
Non-current assets			
Property, plant & equipment	**8**	11 529	14 601
TOTAL NON-CURRENT ASSETS		11 529	14 601
TOTAL ASSETS		53 490 488	41 906 218
LIABILITIES			
Current liabilities			
Trade and other payables	**9**	159 290	121 326
Provision for scheme liabilities	**10**	575 000	500 000
TOTAL CURRENT LIABILITIES		734 290	621 326
Non-current liabilities			
Provision for scheme liabilities	**10**	27 962 000	20 407 000
TOTAL NON-CURRENT LIABILITIES		27 962 000	20 407 000
TOTAL LIABILITIES		28 696 290	21 028 326
NET ASSETS		24 794 198	20 877 892
EQUITY			
Implementation Funding	**12**	296 867	296 867
Retained surplus		24 497 331	20 581 025
TOTAL EQUITY		24 794 198	20 877 892

The statement of financial position is to be read in conjunction with the notes to the financial statements.

Statement of changes in equity

for the year ended 30 June 2012

	Retained Surplus $	Implementation Funding $	Total $
At 30 June 2010	13 636 796	296 867	13 933 663
Total comprehensive income for the year	6 944 229	-	6 944 229
At 30 June 2011	20 581 025	296 867	20 877 892
Total comprehensive income for the year	3 916 306	-	3 916 306
At 30 June 2012	24 497 331	296 867	24 794 198

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Statement of cash flows

for the year ended 30 June 2012

	Note	2012 $	2011 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions from levy payers		8 548 525	9 428 864
Payments to suppliers and employees		(2 002 201)	(1 814 250)
Interest received		1 162 395	885 382
Interest paid		-	-
Net Cash from/(used in) operating activities	**5(b)**	7 708 719	8 499 996
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for investments		(2 000 000)	(4 700 000)
Net Cash from/(used in) investing activities		(2 000 000)	(4 700 000)
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash		5 708 719	3 799 996
Cash at the beginning of the financial year		21 441 405	17 641 409
CASH AT THE END OF THE FINANCIAL YEAR	**5(a)**	27 150 124	21 441 405

The statement of cash flows is to be read in conjunction with the notes to the financial statements.

Notes to and forming part of the financial statements
for the year ended 30 June 2012

Note 1 CORPORATE INFORMATION

The financial statements of NT Build for the year ended 30 June 2012 were authorised for issue in accordance with a resolution of the board members on 13 September 2012 covers NT Build as an individual entity.

The financial statements are presented in the Australian currency.

NT Build has its principal office at Charlton Court, Woolner, NT 0820. The entity was established in 2005 under the Northern Territory Construction Industry Long Service Leave and Benefits Act and it administers this Act which provides a portable long service benefits scheme to building and construction workers in NT. NT Build is a not-for-profit entity.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are general purpose financial statements. The financial statements have been prepared in accordance with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board. The financial statements have been prepared using the accrual basis of accounting, which recognises the effect of financial transactions and events when they occur, rather than when cash is paid out or received. As part of the preparation of the financial statements, all intra agency transactions and balances have been eliminated. Except where stated, the financial statements have also been prepared in accordance with the historical cost convention.

(b) Property, plant and equipment

Acquisitions

All items of property, plant and equipment with a cost, or other value, including costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, equal to or greater than $5,000 are recognised in the year of acquisition and depreciated as outlined below. Items of property, plant and equipment below the $5,000 threshold are expensed in the year of acquisition.

The construction cost of property, plant and equipment includes the cost of materials and direct labour, and an appropriate proportion of fixed and variable overheads.

Complex assets

Major items of plant and equipment comprising a number of components that have different useful lives, are accounted for as separate assets. The components may be replaced during the useful life of the complex asset.

Subsequent additional costs

Costs incurred on property, plant and equipment subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity in future years. Where these costs represent separate components of a complex asset, they are accounted for as separate assets and are separately depreciated over their expected useful lives.

Items of property, plant and equipment, have limited useful lives and are depreciated or amortised using the straight-line method over their estimated useful lives.

Class of Asset	Depreciation Rate
Leasehold improvements	20%
Furniture and fixtures	10%
Field and office equipment	20%
Computer equipment	33.30%
Computer software	33.30%

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, at the end of each reporting period.

Gains and losses on disposals are calculated as the difference between the net disposal proceeds and the asset's carrying amount and are included in profit or loss in the year that the item is derecognised.

Impairment of Non financial Assets

An asset is said to be impaired when the asset's carrying amount exceeds its recoverable amount.

Non-current physical and intangible assets are assessed for indicators of impairment on an annual basis. If an indicator of impairment exists, NT Build determines the asset's recoverable amount. The asset's recoverable amount is determined as the higher of the asset's depreciated replacement cost and fair value less costs to sell. Any amount by which the asset's carrying amount exceeds the recoverable amount is recorded as an impairment loss.

Impairment losses are recognised in the Statement of Comprehensive Income. They are disclosed as an expense unless the asset is carried at a revalued amount. Where the asset is measured at a revalued amount, the impairment loss is offset against the asset revaluation surplus for that class of asset to the extent that an available balance exists in the asset revaluation surplus.

continued: Notes to and forming part of the financial statements - 30 June 2012

(c) Leases

Leases under which NT Build assumes substantially all the risks and rewards of ownership of an asset are classified as finance leases. Other leases are classified as operating leases.

Finance Leases
Finance leases are capitalised. A leased asset and a lease liability equal to the present value of the minimum lease payments are recognised at the inception of the lease. Lease payments are allocated between the principal component of the lease liability and the interest expense.

Operating Leases
Operating lease payments made at regular intervals throughout the term are expensed when the payments are due, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased property. Lease incentives under an operating lease of a building or office space is recognised as an integral part of the consideration for the use of the leased asset. Lease incentives are to be recognised as a deduction of the lease expenses over the term of the lease.

(d) Income tax

As a public authority constituted under a law of the Northern Territory the income of the Board is exempt from income tax under section 50-25 of the Income Tax Assessment Act 1997 and no charge for income tax expense is required.

(e) Revenue

Revenue is recognised at the fair value of consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid. The following specific recognition criteria must also be met before revenue is recognised:

- Operating revenue represents revenue from long service levy income and investment income, which are recognised as they accrue.

- Gains and losses on investments are calculated as the difference between the net market value at sale, or at the year end, and the net market value at the previous valuation point. This includes both realised gains and losses and unrealised gains and losses.

- Interest revenue is recognised as interest accrues using the effective interest method. The effective interest method uses the effective interest rate which is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial asset.

(f) Long service levy

Effective from 1 July 2009 the Northern Territory Government introduced the following two legislative amendments affecting the calculation of the long service levy on construction projects undertaken in the Territory.

1. *The introduction of a two tier levy regime on construction projects with construction costs in excess of $1 billion*.

This amendment means 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 responsible Minister and based on actuarial advice, is applied to the project costs that exceed the $1 billion threshold.

2. *The temporary reduction in the levy amount for a period of two years.*

This meant for construction projects that start:

- before 1 July 2009, regardless of completion date, the levy rate of 0.5% applies.
- on or after 1 July 2009 but before 1 July 2011, regardless of completion date, the levy rate of 0.4% applies.

However, effective from 15 June 2011, the Northern Territory Government approved on an ongoing basis the continued reduction in the levy amount at the 0.4% rate.

Effective from 1 April 2012, the Northern Territory Government reduced the levy rate from 0.4% to 0.3%. The levy rate reduction was a result of the recommendation made by the Scheme Actuary following the statutory triennial review of the Scheme.

The new reduced levy rate is applicable to new construction projects starting from 1 April 2012. The 0.4 % levy rate will continue to be applied to projects started before 1 April 2012, regardless of their completion date.

(g) Employee benefit provisions

(i) Long Service Leave Benefits Expense

Employees and contractors who are registered with the Board accrue 13 weeks (3 months) long service leave after 10 years' service in the building and construction industry for service after 1 July 2005. Workers receive credit of 1 year's service for each 260 days worked.

Leave may be claimed after the employee or contractor has been credited with a total of 65 days of long service leave for the first time or they have been credited with 32.5 days of additional long service credits after the employee or contractor was credited with 65 days of long service leave.

(ii) Accrued Long Service Leave Benefits Liability

Liabilities for long service leave are recognised as part of the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees to the end of the reporting period using the projected unit credit method. Consideration is given to expected future salaries and wages levels, experience of employee departures and periods of service. Expected future payments are discounted using national government bond rates at the end of the reporting period with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(h) Accounting for Goods and Service Tax

Revenue, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred on a purchase of goods and services is not recoverable from the Australian Tax Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the ATO is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the ATO are classified as operating cash flows. Commitments and contingencies are disclosed net of the amount of GST recoverable or payable unless otherwise specified.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to NT Build prior to the year end and which are unpaid. Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to NT Build. Accounts payable are normally settled within 30-60 days.

(j) Cash and cash equivalents

For the purposes of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents includes cash on hand and at bank, deposits held at call with financial institutions, other short term, highly liquid investments with maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts.

(k) Trade receivables

Trade receivables are recognised at original invoice amounts less an allowance for uncollectible amounts and have repayment terms between 30 and 90 days. Collectability of trade receivables is assessed on an ongoing basis. Debts which are known to be uncollectible are written off. An allowance is made for doubtful debts where there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the NT Build will not be able to collect all amounts due according to the original terms. Objective evidence of impairment include financial difficulties of the debtor, default payments or debts more than 90 days overdue. On confirmation that the trade receivable will not be collectible the gross carrying value of the asset is written off against the associated provision.

From time to time, the entity elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and are not, in the view of the directors, sufficient to require the derecognition of the original instrument.

(l) Investments and other financial assets

All investments and other financial assets are initially stated at cost, being the fair value of consideration given plus acquisition costs. Purchases and sales of investments are recognised on trade date which is the date on which NT Build commits to purchase or sell the asset. Accounting policies for each category of investments and other financial assets subsequent to initial recognition are set out below.

Held for trading

Investments held for trading are measured at fair value with gains or losses recognised in profit or loss. A financial asset is classified as held-for-trading if acquired principally for the purpose of selling in the short term or if it is a derivative that is not designated as a hedge. Assets in this category are classified as current assets in the statement of financial position if they are expected to be settled within 12 months, otherwise they are classified as non-current assets.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Board has the positive intention and ability to hold-to-maturity and are measured at amortised cost subsequent to initial recognition using the effective interest method. If the Board were to sell other than an insignificant amount of held-to-maturity investments, the whole category is then reclassified as available-for-sale.

continued: Notes to and forming part of the financial statements - 30 June 20112

Available-for-sale financial assets

Available-for-sale financial assets comprise investments in listed and unlisted entities and any non-derivatives that are not classified as any other category of financial assets, and are classified as non-current assets (unless management intends to dispose of the investment within 12 months of the end of the reporting period). After initial recognition, these investments are measured at fair value with gains or losses recognised in other comprehensive income (available-for-sale investments revaluation reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment) the full amount including any amount previously charged to other comprehensive income is recognised in profit or loss. Purchases and sales of available-for-sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in other comprehensive income.

On sale, the amount held in available-for-sale reserves associated with that asset is recognised in profit or loss as a reclassification adjustment. Interest on corporate bonds classified as available-for-sale is calculated using the effective interest rate method and is recognised in finance income in profit or loss.

Reversals of impairment losses on equity instruments classified as available-for-sale cannot be reversed through the profit or loss. Reversals of impairment losses on debt instruments classified as available-for-sale can be reversed through the profit or loss where the reversal relates to an increase in the fair value of the debt instrument occurring after the impairment loss was recognised in the profit or loss.

The fair value of quoted investments are determined by reference to Stock Exchange quoted market bid prices at the close of business at the end of the reporting period. For investments where there is no quoted market price, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net asset base of the investment.

Loans and receivables

Non-current loans and receivables include loans due from trade and other receivables repayable within 366 days of the end of the reporting period. As these are non-interest bearing, fair value at initial recognition requires an adjustment to discount these loans using a market-rate of interest for a similar instrument with a similar credit rating. The discount is debited to the income statement immediately and amortised using the effective interest method.

Impairment losses are measured as the difference between the investment's carrying amount and the present value of the estimated future cash flows, excluding future credit losses that have not been incurred. The cash flows are discounted at the investment's original effective interest rate. Impairment losses are recognised in profit or loss.

Derecognition of financial assets

NT Build derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If NT Build neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, it recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If NT Build retains substantially all the risks and rewards of ownership of a transferred financial asset, it continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

(m) Impairment of financial assets

At the end of each reporting period the entity assesses whether there is any indication that individual assets are impaired. Where impairment indicators exist, recoverable amount is determined and impairment losses are recognised in profit or loss where the asset's carrying value exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Where it is not possible to estimate recoverable amount for an individual asset, recoverable amount is determined for the cash-generating unit to which the asset belongs.

(n) Fair values

Fair values may be used for financial asset and liability measurement as well as for sundry disclosures.

Fair values for financial instruments traded in active markets are based on quoted market prices at the end of the reporting period. The quoted market price for financial assets is the current bid price and the quoted market price.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to NT Build for similar financial instruments.

(o) Commitments

Disclosures in relation to capital and other commitments, including lease commitments are shown at Note 14. Commitments are those contracted as at 30 June where the amount of the future commitment can be reliably measured.

(p) Comparatives

Where required by accounting standards, comparative figures have been adjusted to conform with changes in presentation for the current financial year.

(q) Adoption of new and revised accounting standards

The form of the NT Build financial statements is also consistent with the requirements of Australian Accounting Standards. The effects of all relevant new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are effective for the current annual reporting period have been evaluated. The Standards and Interpretations and their impacts are:

- *AASB 124 Related Party Disclosures (December 2009), AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]*

The Standards amend the requirements of the previous version of AASB 124 to clarify the definition of a related party, provide a partial exemption from related party disclosure requirements for government-related entities and include an explicit requirement to disclose commitments involving related parties. The Standards do not impact the financial statements.

- *AASB 1054 Australian Additional Disclosures, AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]*

The Standards are a consequence of Phase 1 of the joint Trans-Tasman Convergence project of the AASB and New Zealand's Financial Reporting Standards Board. AASB 2011-1 amends a range of Australian Accounting Standards and Interpretations for the purpose of closer alignment to IFRSs and harmonization between Australian and New Zealand Standards. The Standard relocates and deletes various Australian-specific guidance and disclosures from other Standards and aligns the wording used to that adopted in IFRSs. Relocated Australian-specific disclosures are now contained in AASB 1054. The Standards do not impact the financial statements.

- AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Interpretation 13]

The Standard amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements. Key amendments include clarification of content of statement of changes in equity (AASB 101) and financial instrument disclosures (AASB 7). The Standard does not impact the financial statements.

- AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]

The Standard makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB. The Standard does not impact the financial statements.

- AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets [AASB 1 & 7]

The Standard makes amendments to AASB 7 Financial Instruments: Disclosures resulting from the IASB's comprehensive review of off balance sheet activities. The amendments introduce additional disclosures, designed to allow users of financial statements to improve their understanding of transfer transactions of financial assets, including understanding the possible effects of any risks that may remain with the entity that transferred the assets. The Standard does not impact the financial statements.

continued: Notes to and forming part of the financial statements - 30 June 2012

- AASB 2010-9 Amendments to Australian Accounting Standards - Severe Hyperinflation

Furthermore, the amendments brought in by this Standard also provide guidance for entities emerging from severe hyperinflation either to resume presenting Australian-Accounting Standards financial statements or to present Australian-Accounting Standards financial statements for the first time. This standard is not expected to impact the financial statements.

- AASB 2010-10 Further Amendments to Australian Accounting Standards - Removal of Fixed Dates for First-time Adopters

This standard makes amendment to AASB 2009-11: Amendments to Australian Accounting Standards arising from AASB 9; and AASB 2010-7: Amendments to Australian Accounting Standards arising from AASB 9 (December 20120). The amendments brought in by this Standard ultimately affect AASB1 : First-time Adoption of Australian Accounting Standards and provide relief for first-time adopters of Australian Accounting Standards from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards. This standard is not expected to impact the financial statements.

- AASB 2011-5 Amendments to Australian Accounting Standards – Extending Relief from Consolidation, the Equity Method and Proportionate Consolidation [AASB 127, 128 & 131]

The Standard extends relief from consolidation to not-for-profit entities in particular circumstances, by removing the requirement for the consolidated financial statements prepared by the ultimate or any intermediate parent entity to be IFRS compliant, provided that the parent entity and the ultimate or intermediate parent entity are not-for-profit entities that comply with Australian Accounting Standards. The Standard does not impact the financial statements.

- AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a Minimum Funding Requirement

Interpretation 114 addresses when refunds or reductions in future contributions should be regarded as available in accordance with paragraph 58 of AASB 119; how minimum funding requirements might affect the availability of reductions in future contributions; and when minimum funding requirements might give rise to a liability. The amendments now allow recognition of an asset in the form of prepaid minimum funding contributions. The application of the amendments to Interpretation 114 has not had any effect on the entity’s financial statements.

(r) Australian Accounting Standards and Interpretations Issued but not yet Effective

The following new and amended accounting standards and interpretations have been issued, but are not mandatory for financial year ended 30 June 2012. They have not been adopted in preparing the financial statements for the year ended 30 June 2012 and are expected to impact the entity in the period of initial application. In all cases the entity intends to apply these standards from application date and the Board assessed the impact of these new standards and interpretations as set out below.

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 9 (issued December 2009 and amended December 2010) Financial Instruments	Amends the requirements for classification and measurement of financial assets. The available-for-sale and held-to-maturity categories of financial assets in AASB 139 have been eliminated. Under AASB 9, there are three categories of financial assets: • Amortised cost • Fair value through profit or loss • Fair value through other comprehensive income. The following requirements have generally been carried forward unchanged from AASB 139 Financial Instruments: Recognition and Measurement into AASB 9. These include the requirements relating to: • Classification and measurement of financial liabilities; and • Derecognition requirements for financial assets and liabilities. However, AASB 9 requires that gains or losses on financial liabilities measured at fair value are recognised in profit or loss, except that the effects of changes in the liability's credit risk are recognised in other comprehensive income.	Periods beginning on or after 1 January 2015	Adoption of AASB 9 is only mandatory for the year ending 30 June 2016. The entity has not yet made an assessment of the impact of these amendments. The entity does not have any financial liabilities measured at fair value through profit or loss. There will therefore be no impact on the financial statements when these amendments to AASB 9 are first adopted.
AASB 2010-8 (issued December 2010) Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets [AASB 112]	For investment property measured using the fair value model, deferred tax assets and liabilities will be calculated on the basis of a rebuttable presumption that the carrying amount of the investment property will be recovered through sale. This presumption is rebutted if the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. However, this presumption cannot be rebutted for the land portion of investment property which is not depreciable.	Periods commencing on or after 1 January 2012	The entity does not have any investment property measured using the fair value model. There will, therefore, be no impact on the financial statements when these amendments are first adopted.7

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 10 (issued August 2011) Consolidated Financial Statements	Introduces a single 'control model' for all entities, including special purpose entities (SPEs), whereby all of the following conditions must be present: • Power over investee (whether or not power used in practice) • Exposure, or rights, to variable returns from investee • Ability to use power over investee to affect the entity's returns from investee. Introduces the concept of 'de facto' control for entities with less than a 50% ownership interest in an entity, but which have a large shareholding compared to other shareholders. This could result in more instances of control and more entities being consolidated.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity does not have any special purpose entities.
AASB 10 (issued August 2011) Consolidated Financial Statements	Potential voting rights are only considered when determining if there is control when they are substantive (holder has practical ability to exercise) and the rights are currently exercisable. This may result in possibly fewer instances of control. Additional guidance included to determine when decision making authority over an entity has been delegated by a principal to an agent. Factors to consider include: • Scope of decision making authority • Rights held by other parties, e.g. kick-out rights • Remuneration and whether commensurate with services provided • Decision maker's exposure to variability of returns from other interests held in the investee.	Annual reporting periods commencing on or after 1 January 2013	The entity does not issue any consolidated financial statements and therefore, there will be no impact on the financial statements when this standard is first adopted.
AASB 11 (issued August 2011)	Joint arrangements will be classified as either 'joint operations' (where parties with joint control have rights to assets and obligations for liabilities) or 'joint ventures' (where parties with joint control have rights to the net assets of the arrangement). Joint arrangements structured as a separate vehicle will generally be treated as joint ventures and accounted for using the equity method (proportionate consolidation no longer allowed). However, where terms of the contractual arrangement, or other facts and circumstances indicate that the parties have rights to assets and obligations for liabilities of the arrangement, rather than rights to net assets, the arrangement will be treated as a joint operation and joint venture parties will account for the assets, liabilities, revenues and expenses in accordance with the contract.	Annual reporting periods commencing on or after 1 January 2013	When this standard is first adopted for the year ended 30 June 2014, there will be no impact on transactions and balances recognised in the financial statements because the entity has not entered into any joint arrangements.

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 13 (issued September 2011) Fair Value Measurement	Currently, fair value measurement requirements are included in several Accounting Standards. AASB 13 establishes a single framework for measuring fair value of financial and non-financial items recognised at fair value in the statement of financial position or disclosed in the notes in the financial statements. Additional disclosures required for items measured at fair value in the statement of financial position, as well as items merely disclosed at fair value in the notes to the financial statements. Extensive additional disclosure requirements for items measured at fair value that are 'level 3' valuations in the fair value hierarchy that are not financial instruments.	Annual reporting periods commencing on or after 1 January 2013	The entity has yet to conduct a detailed analysis of the differences between the current fair valuation methodologies used and those required by AASB 13. However, when this standard is adopted for the first time for the year ended 30 June 2014, there will be no impact on the financial statements because the revised fair value measurement requirements apply prospectively from 1 July 2013. When this standard is adopted for the first time for the year ended 30 June 2014, additional disclosures will be required about fair values.
AASB 2011-9 (issued September 2011) Amendments to Australian Accounting Standards - Presentation of Items of Other Comprehensive Income	Amendments to align the presentation of items of other comprehensive income (OCI) with US GAAP. Various name changes of statements in AASB 101 as follows: • 1 statement of comprehensive income – to be referred to as 'statement of profit or loss and other comprehensive income' • 2 statements – to be referred to as 'statement of profit or loss' and 'statement of comprehensive income'. OCI items must be grouped together into two sections: those that could subsequently be reclassified into profit or loss and those that cannot.	Annual periods commencing on or after 1 July 2012	When this standard is first adopted for the year ended 30 June 2013, there will be no impact on amounts recognised for transactions and balances for 30 June 2013 (and comparatives). However, the statement of comprehensive income will include name changes and include subtotals for items of OCI that can subsequently be reclassified to profit or loss in future (e.g. foreign currency translation reserves) and those that cannot subsequently be reclassified (e.g. fixed asset revaluation surpluses).

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Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 12 (issued August 2011)	Combines existing disclosures from AASB 127 Consolidated and Separate Financial Statements, AASB 128 Investments in Associates and AASB 131 Interests in Joint Ventures. Introduces new disclosure requirements for interests in associates and joint arrangements, as well as new requirements for unconsolidated structured entities.	Annual reporting periods commencing on or after 1 January 2013	As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, additional disclosures will be required for interests in associates and joint arrangements, as well as for unconsolidated structured entities.
AASB 119 Employee Benefits	The amendments eliminate the corridor approach for the deferral of gains and losses; streamlines the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring remeasurements to be presented in other comprehensive income; and enhances the disclosure requirements for defined benefit plans.	Annual reporting periods commencing on or after 1 January 2013 and requires retrospective application with certain exceptions.	It is anticipated that the entity will adopt the amendments to AASB 119 in the period ending 30 June 2013. However, the Board has not yet performed a detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the impact.
AASB 2011-2 (issued May 2011) Amendments Australian Accounting Standards arising from the Trans-Tasman Convergence Project – Reduced Disclosure Requirements	The amendments are for entities applying the Tier 2 requirements when preparing general purpose financial statements - amends AASB 1054 to include reduced disclosure requirements previously included in AASB 101 Presentation of Financial Statements	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2011-2.
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments	This standard makes amendments to Australian Accounting Standard AASB 1049 Whole of Government and General Government Sector Financial Reporting in relation to the definition of the ABS GFS Manual, relief from adopting the latest version of the ABS GFS Manual and related disclosures.	Annual reporting periods commencing on or after 1 July 2012	It is anticipated that there will be no impact on the financial statements when these amendments to AASB 1049 are first adopted.

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	**Summary**	**Effective for annual reporting periods beginning on or after**	**Impact on financial statements**
AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements	This standard makes amendments to Australian Accounting Standard AASB 124 Related Party Disclosures in removing the individual key management personnel (KMP) disclosures from AASB 124.	Annual reporting periods commencing on or after 1 July 2013	It is anticipated that there will therefore be no impact on the financial statements when these amendments to AASB 124 are first adopted.
AASB 2011-11 (issued September 2011) Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements	For entities applying the Tier 2 requirements when preparing general purpose financial statements - makes amendments to AASB 119 Employee Benefits (September 2011) to incorporate reduced disclosure requirements	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2011-11.
AASB 2012-1(issued March 2012) Amendments to Australian Accounting Standards – Fair Value Measurement – Reduced Disclosure Requirements	For entities applying the Tier 2 requirements when preparing general purpose financial statements - makes amendments to various standards to incorporate reduced disclosure requirements for fair value disclosures as a result of the issue of AASB 13 Fair Value Measurement	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2012-1.
AASB 2011-6 (issued July 2011) Amendments to Australian Accounting Standards – Extending Relief from Consolidation, Equity Method and Proportionate	Extends relief from preparing consolidated financial statements to entities applying the Reduced Disclosure Requirements wanting to apply the consolidation exemption in paragraph 10 of AASB 127 (or exemption from equity accounting or proportionate consolidation under equivalent paragraphs in AASB 128 and AASB 131) where the ultimate parent entity prepares consolidated financial statements using the Reduced Disclosure requirements, rather than using full IFRS.	Annual reporting periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 2011-6.

continued: Notes to and forming part of the financial statements - 30 June 2012

Standard/ Interpretation	Summary	Effective for annual reporting periods beginning on or after	Impact on financial statements
AASB 2011-7 (issued August 2011)	This standard mainly introduces amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards [AASB 1, 2, 3, 5, 7, 9, 2009-11, 101, 107, 112, 118, 121, 124, 132, 133, 136, 138, 139, 1023 & 1038 and Interpretations 5, 9, 16 & 17]	Annual periods commencing on or after 1 January 2013	There will be no impact on the financial statements when this standard is first adopted as the entity does not consolidate its financial statements and does not have any joint arrangements.
AASB 2011-8 (issued September 2011)	This standard mainly introduces editorial changes to Australian Accounting Standards arising from AASB 13 [AASB 1, 2, 3, 4, 5, 7, 9, 2009-11, 2010-7, 101, 102, 108, 110, 116, 117, 118, 119, 120, 121, 128, 131, 132, 133, 134, 136, 138, 139, 140, 141, 1004, 1023 & 1038 and Interpretations 2, 4, 12, 13, 14, 17, 19, 131 &132]	Annual periods commencing on or after 1 January 2013	There will be no impact on the financial statements when this standard is first adopted.
AASB 2011-10 (issued September 2011)	This standard mainly introduces editorial changes to Australian Accounting Standard arising from AASB 119 (September 2011)	Annual periods commencing on or after 1 January 2013	There will be no impact on the financial statements when this standard is first adopted.
AASB 1053: Application of Tiers of Australian Accounting Standards	This standard establishes a revised differential financial reporting framework consisting of two tiers of financial reporting requirements for those entities preparing general purpose financial statements : • Tier 1: Australian Accounting Standards; and • Tier 2: Australian Accounting Standards - Reduced Disclosure Requirements. Tier 2 of the framework comprises the recognition, measurement and presentation requirements of Tier 1, but contains significantly fewer disclosure requirements.	Annual periods commencing on or after 1 July 2013	The entity is not a Tier 2 entity and therefore not eligible to apply the Reduced Disclosure Requirements of AASB 1053.

(s) Critical Accounting Judgements and Estimates

The preparation of the financial statements requires the making of judgements and estimates that affect the recognised amounts of assets, liabilities, revenues and expenses and the disclosure of contingent liabilities. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements and estimates that have significant effects on the financial statements are disclosed in the relevant notes to the financial statements. Notes that include significant judgements and estimates are:

• *Employee Benefits – Note 1(g) and Note 10:*

Non-current liabilities in respect of employee benefits are measured as the present value of estimated future cash outflows based on the appropriate Government bond rate, estimates of future salary and wage levels and employee periods of service.

• *Allowance for Impairment Losses – Note 1(k), 6: Receivables*

The provision of impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtors financial position.

• *Depreciation and Amortisation – Note 1(b), Note 8: Property, Plant and Equipment*

NT Build determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and definite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

continued: Notes to and forming part of the financial statements - 30 June 2012

			2012 $	2011 $
Note	**2**	**OTHER INCOME - net**		
		Interest received - Bank deposits	1 321 472	1 084 658
		Investment income	1 087 243	733 768
		Movement in equity investments	(985 197)	455 182
		Total income from investments	1 423 518	2 273 608
		Sundry income	134 907	104 228
		Total other income	1 558 425	2 377 836

			2012 $	2011 $
Note	**3**	**EXPENSES**		
	3(a)	Depreciation and amortisation of non-current assets		
		- leasehold improvements	-	-
		- plant and equipment	3 072	3 224
		Total depreciation and amortisation	3 072	3 224
	3(b)	Fees and Allowances		
		- board members' fees	49 731	40 317
		- other allowances	-	-
		Total fees and allowances	49 731	40 317
	3(c)	Auditor's Remuneration		
		Remuneration of the auditor for:		
		- audit of the financial reports	14 350	14 800
		- other services	-	-
		Total auditor's remuneration	14 350	14 800

			2012	2011
			$	$
Note	**4**	**CASH AND CASH EQUIVALENTS**		
		Cash on hand	200	200
		Cash deposits with banks	1 727 439	3 598 274
		Short term money market deposits	25 422 484	17 842 931
		Total cash and cash equivalents	27 150 123	21 441 405

Effective interest rate on short term deposits is 5.72%

Note 5 RECONCILIATION OF CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents at the end of the financial period as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

	2012	2011
	$	$
Cash on hand	200	200
Cash deposits with banks	1 727 439	3 598 274
Short term money market deposits	25 422 484	17 842 931
Balance per statement of cash flows	27 150 123	21 441 405

(b) Reconciliation of cash flow from operations with Net Surplus

Net Surplus	3 916 306	6 944 229
Non-cash flows in net surplus		
Depreciation and amortisation	3 072	3 224
Movement in market value of investments	985 197	(455 182)
Manager fee rebate	(48 640)	(38 773)
Distribution income capitalised	(1 087 243)	(733 770)
Scheme liability expenses	7 630 000	3 499 000
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(3 727 937)	(775 292)
Increase/(decrease) in trade and other payables	37 965	56 560
Cash flows from operations	7 708 719	8 499 996

continued: Notes to and forming part of the financial statements - 30 June 2012

			2012	2011
			$	**$**
Note	**6**	**TRADE AND OTHER RECEIVABLES**		
		CURRENT		
		Levy debtors	2 081 926	1 164 594
		Less: Allowance for impairment losses	-	-
			2 081 926	1 164 594
		Other debtors	5 901	2 569
			5 901	2 569
		Accrued industry contributions	3 456 984	808 787
		Accrued interest	500 807	341 730
		Total trade and other receivables	6 045 618	2 317 680

a) Past due but not impaired

As of 30 June 2012, trade receivables of $1 137 195 (2011: $743 505) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2012	2011
	$	**$**
Not past due	944 731	421 089
Past due [30] days	1 846	39 808
Past due [30-60] days	501 333	-
Past due [>60] days	25 100	71 939
Instalments	608 916	631 758
Total	2 081 926	1 164 594

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Board does not hold any collateral in relation to these receivables.

b) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

Note 7 OTHER FINANCIAL ASSETS - INVESTMENTS

	2012	2011
	$	$
MLC (NCIT) Moderate Trust	20 283 218	18 132 532

The Actual asset allocation of the investment portfolio at the balance date was:

	2012	2011
- Australian Shares	32%	31%
- Global Shares	34%	34%
- Bonds	30%	31%
- Property Securities	4%	4%

Fair value

For equity securities, fair value is determined by reference to closing bid prices on the Australian Stock Exchange.

continued: Notes to and forming part of the financial statements - 30 June 2012

	2012	2011
	$	$
Note 8 PROPERTY, PLANT & EQUIPMENT		
(a) LAND AND BUILDINGS		
Leasehold		
Leasehold improvements		
At cost	297 052	297 052
Less accumulated depreciation	(297 052)	(297 052)
	-	-
Plant and Equipment		
Plant and equipment		
At cost	18 796	18 796
Less accumulated depreciation	(18 796)	(18 796)
	-	-
Furniture and fittings		
At cost	30 720	30 720
Less accumulated depreciation	(19 191)	(16 119)
	11 529	14 601
Total Property, Plant and Equipment	11 529	14 601

continued: Notes to and forming part of the financial statements - 30 June 2012

Note 8 PROPERTY, PLANT & EQUIPMENT (Cont'd)

(b) Movements in carrying values

Movements in the carrying values of each class of property, plant and equipment between the beginning and end of the financial year:

	Leasehold Improvements	Plant & equipment	Furniture & fittings	Total
	$	$	$	$
At 1 July 2010	-	151	17 673	17 824
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation and Amortisation		(151)	(3 072)	(3 223)
At 30 June 2011	-	-	14 601	14 601
At 1 July 2011	-	-	14 601	14 601
Additions	-	-	-	-
Disposals	-	-	-	-
Depreciation and Amortisation		-	(3 072)	(3 072)
At 30 June 2012	-	-	11 529	11 529

continued: Notes to and forming part of the financial statements - 30 June 2012

			2012	2011
			$	**$**
Note	**9**	**TRADE AND OTHER PAYABLES**		
		CURRENT		
		Trade creditors	111 892	71 631
		Other creditors and accruals - other entities	47 398	49 695
		Total trade and other payables	159 290	121 326
Note	**10**	**PROVISIONS FOR SCHEME LIABILITIES**		
		CURRENT		
		Scheme liabilities	575 000	500 000
		NON-CURRENT		
		Scheme liabilities - current year	28 537 000	20 907 000
		Less: Current portion of scheme liabilities	(575 000)	(500 000)
		Total non-current provisions for scheme liabilities	27 962 000	20 407 000
		Reconciliation of movement in scheme liabilities		
		Balance at beginning of year	20 907 000	17 408 000
		Actuarial valuation adjustment recognised in the income statement	7 630 000	3 499 000
		Balance at end of year	28 537 000	20 907 000

(a) The NT Build Long Service Leave liability valuation was carried out on 13 August 2012 by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2012.

In performing the valuation the following assumptions were made by the actuary:

- 25% of service credits will be abandoned;
- the average period until payment will be 8 years
- a discount rate of 3.1% and a salary growth rate of 4.5%.

The discount rate was determined based on the prevailing Commonwealth bond rate at 30 June 2012, as required by AASB 137 Provisions, Contingent Liabilities and Contingent Assets. The salary growth rate of 4.5% per annum is consistent with NT Treasury's expectations for future salary growth in the Territory, and is consistent with external forecasts.

Note 11 RELATED PARTY TRANSACTIONS

(i) Board members

The names of the members of the Board who held office during the year are Mr Barry Chambers (Chairperson), Mr Dick Guit, Mr Graham Kemp, Mr Tony Stubbin, Mr Trevor Gauld, Mr Michael Haire and Mr Mick Huddy. Mr Gauld resigned with effect from 30 August 2011. Mr Haire was appointed on 10 November 2011.

As a Northern Territory Public Sector employee, Mr. Stubbin does not receive remuneration payment in respect of his role as a Board member.

(ii) Attendance of meetings

Name	Eligible Meetings*	Meetings Attended
Barry Chambers	18	16
Dick Guit	18	13
Graham Kemp	18	13
Tony Stubbin	18	17
Trevor Gauld	2	1
Mick Huddy	18	15
Michael Haire	9	7

*Includes scheduled and out of session Board meetings

Note 12 IMPLEMENTATION FUNDING

Movements during the year	**2012**	**2011**
	$	**$**
Balance 1 July	296 867	296 867
Movement for the year	-	-
Balance 30 June	296 867	296 867

In 2005, when the NT Build office was established, OCPE provided the above funds for the ‘fitout’ of the NT Build offices. These funds were used to renovate the existing building and refurbish the office accordingly. The amount was transferred to NT Build from OCPE and treated as Equity transfer.

Note 13 FINANCIAL RISK MANAGEMENT

In common with all other businesses, NT Build is exposed to risks that arise from its use of financial instruments. This note describes NT Build's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial instruments held by the entity include cash and cash equivalents, trade and other receivables, investment at fair value through profit or loss (FVTPL) and trade and other payables. NT Build has limited exposure to financial risks as discussed below.

There have been no substantive changes in NT Build's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

(a) Categorisation of Financial Instruments

The carrying amounts of the Board's financial assets and liabilities by category are disclosed in the table below.

	2012 $	2011 $
Financial assets		
Cash and deposits	27 150 123	21 441 405
Loans and receivables	6 045 618	2 317 680
Investment	20 283 218	18 132 532
	53 478 959	41 891 617
Financial liabilities		
Payables	159 290	121 326
	159 290	121 326

The Board has overall responsibility for the determination of risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the management team. The Board's risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of NT Build where such impacts may be material. The Board receives monthly reports from the Registrar through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set polices that seek to reduce risk as far as possible without unduly affecting NT Build's flexibility. Further details regarding these policies are set out below.

(b) Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Board incurring a financial loss. Credit risk arises from cash assets and deposits with financial institutions, as well as credit exposures to NT Build's outstanding receivables and committed transactions. For banks and financial institutions, only independently rated parties with a minimum rating of "A" are accepted.

NT Build has limited credit risk exposure (risk of default). In respect of any dealings with organisations external to Government, the Board has adopted a policy of only dealing with credit worthy organisations and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents NT Build's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The receivables of NT Build arise out of a statutory obligation on various entities undertaking building and construction work costing $200,000 or more. As a result NT Build cannot implement any credit policies beforehand to ensure that individual risk on each customer is minimised.

The maximum exposure to credit risk for trade receivables at the end of the reporting period by type of customer is as follows:

	2012	2011
	$	$
Instalment	608 916	631 758
Non-Instalment	1 473 010	532 836
	2 081 926	1 164 594

The Board's most significant customer accounts for 60% of trade receivables at 30 June 2012 (2011: 45%).

(c) Liquidity Risk

Liquidity risk is the risk that NT Build will not be able to meet its financial obligations as they fall due. NT Build's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet is liabilities when they fall due.

Prudent liquidity risk management implies maintaining sufficient cashflows, and the availability of funding through an adequate amount of committed credit facilities. NT Build manages liquidity risk by continuously monitoring forecast and actual cashflows. Surplus funds are generally invested in instruments that are tradeable in highly liquid markets.

Maturity Analysis - 2012

Financial Liabilities	Rate	Carrying Amount	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivatives							
Payables		159 290	159 290	159 290	-	-	-
TOTAL NON DERIVATIVES		159 290	159 290	159 290	-	-	-

Financial Assets	Rate	Carrying Amount	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivatives							
Cash and cash equivalents		27 150 123	27 150 123	27 150 123	-	-	-
Trade and other receivables		6 045 618	6 045 618	6 045 618	-	-	-
Investments	0.8%	20 283 218	20 283 218	20 283 218	-	-	-
TOTAL		53 478 959	53 478 959	53 478 959	-	-	-

continued: Notes to and forming part of the financial statements - 30 June 2012

Maturity Analysis - 2011

Financial Liabilities	Rate	Carrying Amount	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivatives							
Payables		121 326	121 326	121 326	-	-	-
TOTAL NON DERIVATIVES		121 326	121 326	121 326	-	-	-

Financial Assets	Rate	Carrying Amount	Contractual Cash flows	<6 mths	6-12 mths	1-3 years	>3 years
		$	$	$	$	$	$
Non-derivatives							
Cash and cash equivalents		21 441 405	21 441 405	21 441 405	-	-	-
Trade and other receivables		2 317 680	2 317 680	2 317 680	-	-	-
Investments	8.5%	18 132 532	18 132 532	18 132 532	-	-	-
TOTAL		41 891 617	41 891 617	41 891 617	-	-	-

(d) Market Risk

Market risk arises from the use of interest bearing and tradable financial instruments. It is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates (interest rate risk) or other market factors (other price risk).

Sensitivity Analysis

Other financial assets - Investments

As NT Build's investments with MLC are in the form of units in a unit trust, it is not possible to perform an effective sensitivity analysis as it is not possible to identify the proportion of the shares held by the trust which relate directly to NT Build. The movement in the price of the units is a combination of the underlying shares invested and the overheads accruing to the trust.

Short term deposits with the bank

The following table illustrates sensitivities to NT Build's exposure to changes in interest rates. The table indicates the impact on how the net surplus reported at the end of the reporting period would have been affected by changes in the relevant risk variable that NT Build considers reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2012	**$**	**$**
+/-1% movement in interest	+/-271 501	+/-271 501
Year ended 30 June 2011		
+/-1% movement in interest rates	+/-214 412	+/-214 412

Note 14 CAPITAL AND LEASING COMMITMENTS

	2012	2011
Operating Lease Commitments	**$**	**$**
Payable:		
One year or less	205 168	174 949
Later than one year and not later than five years	360 275	416 877
Later than five years	-	-
Total operating lease commitments payable	565 443	591 826

Non cancellable operating lease commitments include:

- Leases above include computer equipment, motor vehicles, building and shed with various terms, with rental payable monthly in advance.

Note 15 EVENTS SUBSEQUENT TO REPORTING DATE

(a) On 31 July 2012 the NT Government approved the reduction to the NT Build Levy Rate from 0.4% to 0.3% with a retrospective date of effect of 1 April 2012.

The 0.4% levy rate will continue to be applied to projects started before 1 April 2012, regardless of their completion date. However, new construction projects starting from 1 April 2012 will be levied at the reduced rate.

Owners of construction projects that commenced on or after 1 April 2012 and who have paid the levy at 0.4% will be eligible for a refund of any overpaid levy amount resulting from this decision. It is proposed that any eligible construction projects will have the refund processed when construction is completed and the known final cost is advised by the project owner through the usual reconciliation process.

(b) As a result of the volatility in the financial markets after the balance date, the Board's investment with MLC (NCIT) Moderate Trust registered an increase in its market value. At 31 August, the value of the investment had increased by $830,320.

State/Territory schemes

- recognised under the National Reciprocal Agreement for the provision of long service in the building and construction industry

<u>Australia Capital Territory</u>

Construction Industry
Long Service Leave Board
71 Constitution Ave
Campbell ACT 2612
Tel: (02) 6247 3900
Email: construction@actleave.act.gov.au
Web: www.actleave.act.gov.au

<u>New South Wales</u>

Long Service Corporation
Level 1
19-21 Watt Street
Gosford NSW 2250
Toll Free: 13 14 41
Email: info@longservice.nsw.gov.au
Web: www.longservice.nsw.gov.au

<u>Queensland</u>

QLeave
Level 4
Centro Lutwyche
543 Lutwyche Road
Queensland 4030
Toll Free: 1800 803 491
Email: member@qleave.qld.gov.au
Web: www.qleave.qld.gov.au

<u>South Australia</u>

Construction Benefit Services
Level 2
191 Fullarton Road,
Dulwich SA 5065
Tel: (08) 8332 6111
Email: enquiries@cbserv.com.au
Web: www.cbserv.com.au

<u>Tasmania</u>

TasBuild
Le196 Campbell Street
Hobart TAS 7000
Tel: (03) 6233 7670
Email: secretary@tasbuild.com.au
Web: www.tasbuild.com.au

<u>Victoria</u>

CoInvest
Level 6, 478 Albert St
East Melbourne Vic 3002
Toll Free: 1300 COINVEST
Email: info@coinvest.com.au
Web: www.coinvest.com.au

<u>Western Australia</u>

MyLeave
Construction Industry Long
Service Leave Scheme
Ist Floor, 26 Colin Street
(Corner of Colin and Ord Streets)
West Perth WA 6005
Toll Free: 1800 198 136
Email: hi@myleave.wa.gov.au
Web: www.myleave.wa.gov.au

<u>Ausleave</u>

Ausleave
A co-operative venture by portable long service leave authorities across Australia
- providing centralised access to information about each state and territory's scheme.

Email: info@ausleave.com.au
Web: www.ausleave.com.au

NT Build – portable long service leave

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