Annual Report
2010-11

NT BUILD
Portable long service leave

Northern Territory Construction Industry

www.ntbuild.com.au

NT Build - portable long service leave
Annual Report 2010-11

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 2010-11 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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Enquiries should be made to:

NT Build – portable long service leave

Street:	Units 32-33 / 12 Charlton Court, Woolner NT 0820
Post:	PO Box 36644, Winnellie NT 0821
General enquiries:	1300 795 855
Office phone:	(08) 8923 9300
Fax:	(08) 8923 9318
Email:	info@ntbuild.com.au
Web:	www.ntbuild.com.au
ABN:	16 851 173 952

Letter of transmission

The Hon. Gerald McCarthy MLA
Minister for Lands and Planning
Legislative Assembly of the Northern Territory
Darwin NT 0800

Dear Minister

RE: NT BUILD ANNUAL REPORT 2010-11

On behalf of the NT Build Board, I am pleased to present you with the sixth NT Build Annual Report, for the year ending 30 June 2011.

The report details the activities and achievements of NT Build during its sixth 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 2011 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

21 November 2011

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Part 1: Introduction and overview

Chairperson's and Registrar's report

The 2010-11 reporting period remained a time of continued consolidation for the scheme which has now completed six years of operation.

During the year the scheme continued to enjoy strong employer and worker support, achieving total active registrations of 9641 workers and 256 employers as at 30 June 2011. A further 119 benefit claims (totalling 494 since the scheme commenced) were also processed as workers became eligible, largely due to the National Reciprocal Agreement.

The levy rate for 2010-11 remained at 0.4%, as a result of the NT Government's decision in 2009 to apply a 20% reduction in the levy, from 0.5% to 0.4% for two years. While the reduction continued to have an impact on the scheme's income this impact was minor. Construction activity in the Territory increased slightly during this reporting period resulting in an overall increase in levy income, up by $1.9 million in comparison to the previous year.

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 $21 million as at 30 June 2011. While this represents an increase of $3.6 million from the previous reporting period it is pleasing to note that the scheme's assets continue to cover its estimated liabilities. However it is believed many workers are not yet registered with the scheme and therefore any significant increase in registrations would see an increase in the scheme's liabilities without attracting any additional levy income.

In light of the actual and predicted solid performance of the scheme the NT Government made a decision in June 2011 to retain the levy at 0.4%, and not to revert back to the 0.5% rate in 2011-12.

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

BARRY CHAMBERS
Chairperson

THEO TSIKOURIS
Registrar

2010-11 Highlights

- Retention of the levy at the 0.4% rate effective from 15 June 2011 (originally reduced form 0.5% on 1 July 2009 for a two year temporary period).
- Continued to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the scheme.
- Received approximately $9.9 million in levy contributions (up by $1.9 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 9 641 workers, 256 employers and made benefit payments to 119 workers at a cost of $242 000.
- Minimised the impact of the global financial crisis on the scheme's financial assets through the adoption of a conservative investment strategy.
- Facilitated the delivery of a 'one stop shop' for the various registration boards for the construction industry.

2011-12 Priorities

- Conduct second formal actuarial review of the administration of the scheme, methods used in working out long service benefits and the levy rate.
- 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 the Department of Lands and Planning has the principal responsibility for the general administration of the CILSLB Act. 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.

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 Agreement.

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.

Registered labour-only contractors can apply to cash out their leave benefits.

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 of registered workers is paid from the fund upon application by the employee.

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 worker's 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.

The levy is calculated as a percentage of the cost of the work, based on actuarial estimates of the anticipated level of expenses and income for the scheme and determined by the Minister responsible for the scheme.

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.

As a result of the Northern Territory Government's decision to temporarily reduce the levy for a period of two years, the current levy rate of 0.4% was prescribed as applying to all projects started on or after 1 July 2009. (Note: The previous levy rate of 0.5% continues to apply to all eligible construction works started on or after 1 July 2005 but before 1 July 2009 - regardless of completion date.)

Effective from 15 June 2011, the Northern Territory Government approved the retention of the levy at the 0.4% rate.

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.

Unless an exemption applies, the levy is payable on all construction projects of $200 000 or more in value.

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.

With effect from 1 July 2009, a two tier levy regime applies on construction projects with construction costs in excess of $1 billion. Under this two tier levy 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’s specific levy rate - determined by the Minister and based on actuarial advice - is applied to the project costs that exceed the $1 billion threshold.

Initial discussions were held with INPEX management to determine the most appropriate method for the administration of the levy arrangements in the event the INPEX ICHTHYS project proceeds. This would be the first project covered by the two tier levy regime since the amendment to the legislation was introduced in 2009. Given such a long period of construction would be involved with this project, it is essential these administration arrangements are clarified to ensure the smooth implementation over the duration of the project life.

Statistical highlights

Workers

Registration numbers

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 worker registrations recorded by the scheme reflected a decrease of 2946 on the numbers for the previous reporting period. This variance, which consisted of 2937 employees and 9 labour-only contractors was as a result of inactive workers being deregistered.

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 systems have been implemented to automate the process biannually.

It should be noted that many of the deregistered workers may still be actively working in the construction industry interstate. Under the terms of the National Reciprocal agreement, 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.

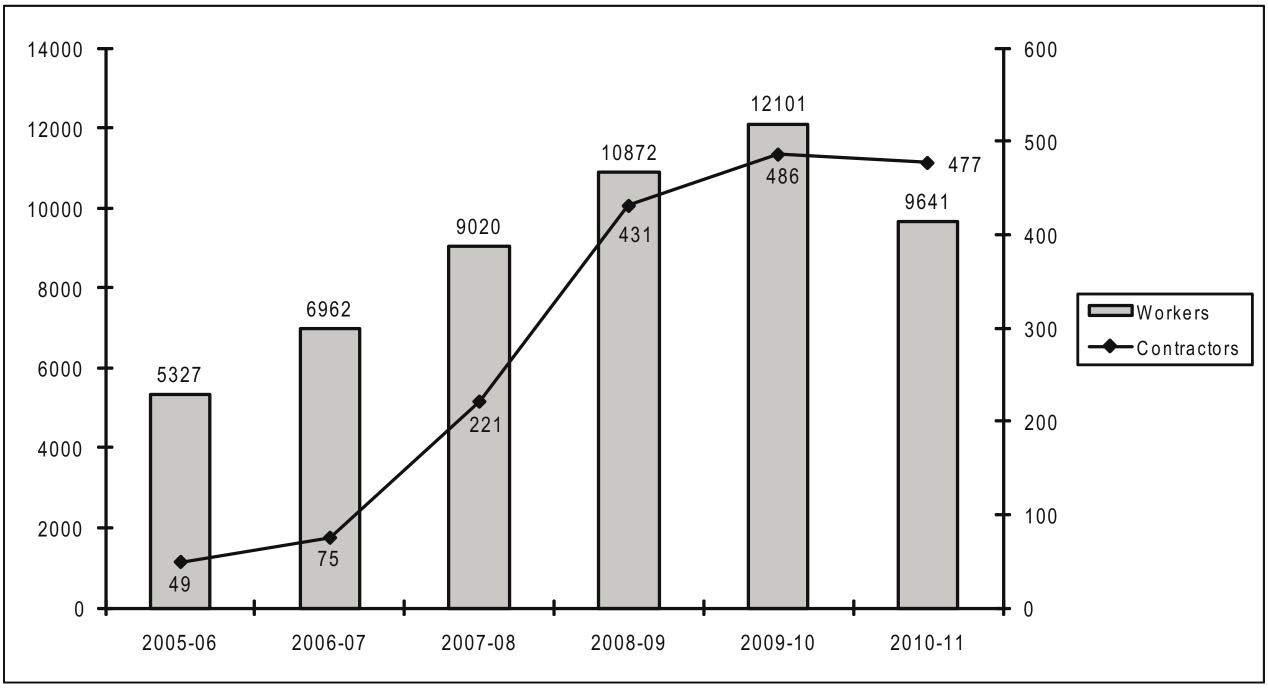
Given the highly transient nature of the Northern Territory construction industry workforce, it is anticipated that a significant proportion of the deregistered workers will have their NT service reinstated.

Industry feedback also supports anecdotal evidence that there may be a significant number of labour-only contractors in the Northern Territory not registered with the scheme. During 2012 efforts will be made to promote the scheme and actively encourage the registration of all eligible workers in the Northern Territory construction industry. It is noted that any significant increase in registrations would see an increase in the scheme's liabilities without attracting any additional levy income.

Table 1: Total number of worker registrations

Total Registrations	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Approved	5 376	7 037	9 241	11 303	12 587	9 641
Rejected	39	43	60	83	94	125

Chart 1: Employee and labour-only contractor registrations

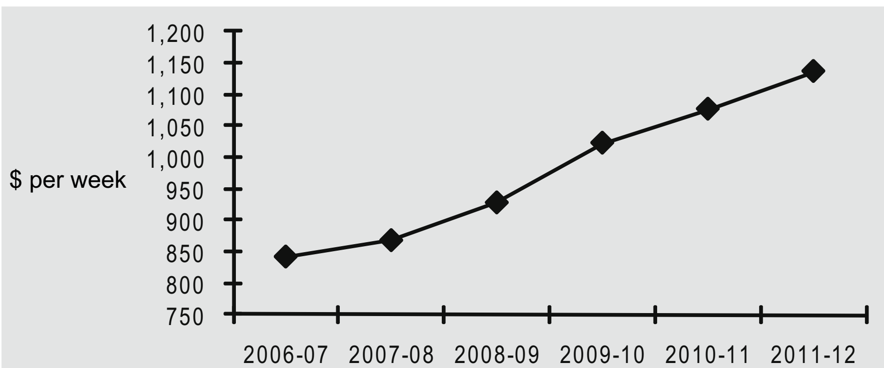


Benefit payments

Once a worker has accrued 65 days long service leave credit they 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. The benefit payment rate for the 2010-11 period was $1076 per week and at the Board Meeting held on 23 June 2011 the new rate of $1136 per week was approved to take affect from 1 July 2011. The table and chart below 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
$810pw	$841pw	$867pw	$927pw	$1022pw	$1076pw	$1136pw



During the 2010-11 reporting period 119 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately $242 000 in respect of work performed in the Northern Territory, which was less than the $267 000 paid during the 2009-10 reporting period.

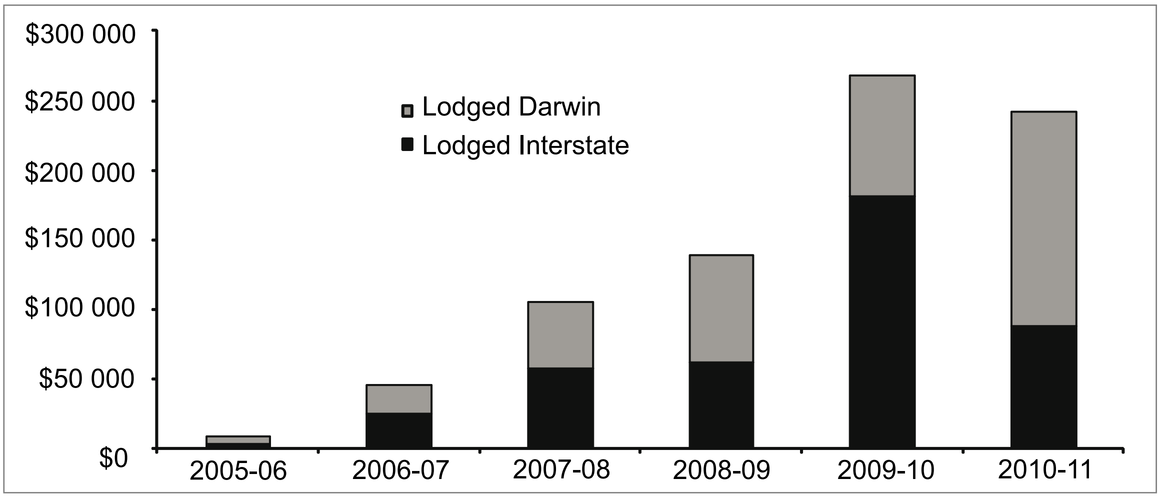
Table 3: Benefit claims processed

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

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 Agreement. 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.

It can be expected that the amounts paid out will start to increase as the scheme reaches maturity. As noted previously, industry feedback also supports anecdotal evidence that there may be a significant number of (labour only) contractors in the Northern Territory not registered with the scheme.

Chart 3: NT Benefit Payments by place of lodgement.



Registration profile

Table 4: Age profile

	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Average age	38	39	39	40	40	39
Oldest #	72	73	74	75	80	81
Youngest *	16	15	14	15	15	14

*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 2006	June 2007	June 2008	June 2009	June 2010	June 2011
Total estimated service days	1M	1.5M	2.6M	3.25M	3.24M	4.35M

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

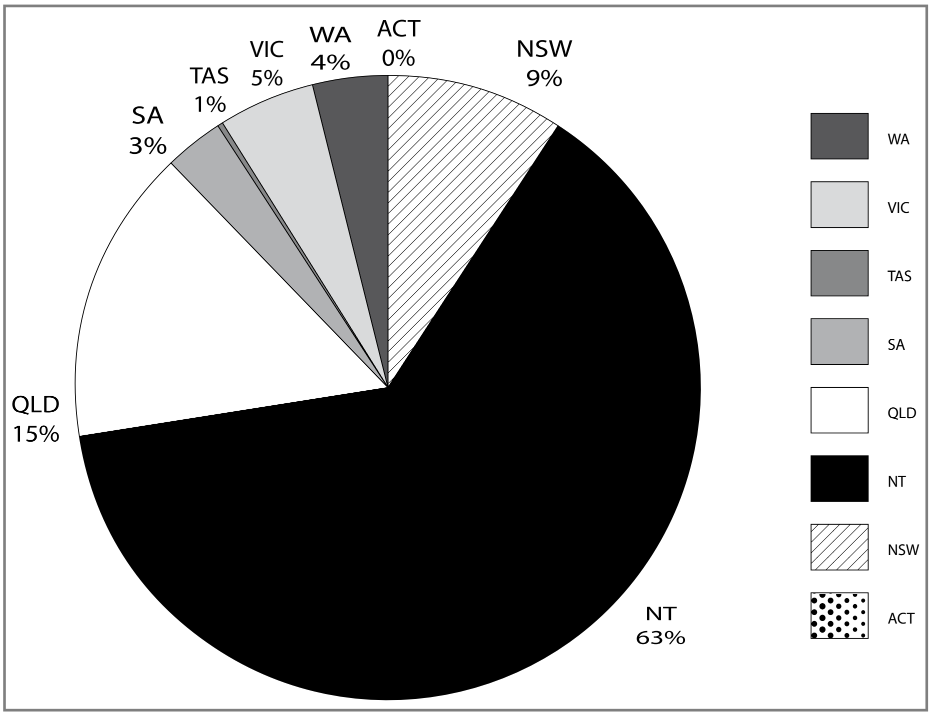
Scheme demographic

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

Chart 4: Percentage of workers by contact location, 2010-11



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
*Active Registrations	192	204	219	230	238	256

* excludes previously registered employers who, at 30 June 2010, did not have any current registered workers in their employ.

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 2010-2011 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 projects notified and levies paid

Total levy payer notifications	June 2006	June 2007	June 2008	June 2009	June 2010	June 2011
* Active levy payers who notified of leviable construction work	62	167	278	176	181	188
Total of invoices issued equating to a levy income (approximate)	$3.2M	$5.3M	$8.1M	$11.8M	$8.0M	$9.9M

*includes payers who have notified of multiple projects undertaken.

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 9 notices were issued during the 2010-11 reporting period.

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

YEAR	B/FWD	New Notices	Finalised	C/FWD
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
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 remains appropriate for at least until 2011-12. The Board therefore continued to implement the scheme's investment strategy through a combination of:

- direct cash investments with Westpac and TIO (approximately 70%); and
- a multi-asset class, multi-manager fund provided by MLC (approximately 30%).

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	TOTAL
MLC (GWM)	-	$4.2M	$3.9M	-	$4.9M	$4.7M	**$17.7M**
TIO	-	-	$2.8M	$4.3M	$0.3M	$1.0M	**$8.4M**
WESTPAC	-	-	-	$5.0M	$2.8M	-	**$7.8M**
TOTAL	**-**	**$4.2M**	**$6.7M**	**$9.3M**	**$8.0M**	**$5.7M**	**$33.9M**

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; 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.

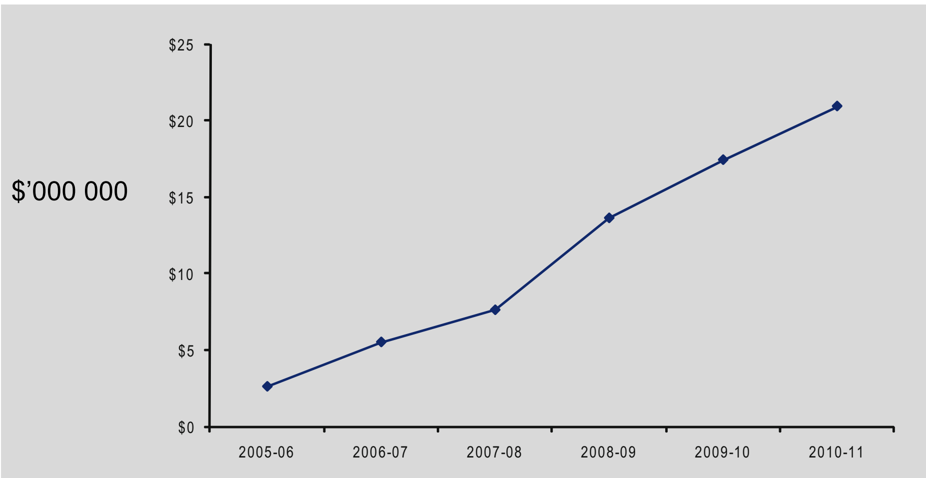
Having regard for the above factors, the scheme's consulting actuary Cumpston Sarjeant Pty Ltd assesses and recommends a liability amount for accrued long service leave benefits to be adopted for accounting purposes as at 30 June each year.

For accounting purposes as at 30 June 2011 the actuary recommended a liability of $20.9 million for accrued long service leave benefits be adopted. This represents an increase of $3.5 million from the 30 June 2010 estimate.

Table 12: Summary of accrued long service leave liability

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

Chart 5: Rate of long service leave liability accrual



As noted above, a provision of $20.9 million has been disclosed on the Statement of Financial Position of the Board as at 30 June 2011 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 the review are presented to the Minister responsible for the scheme and tabled in the Legislative Assembly.

The first review of the scheme be undertaken during the 2008-09 reporting period. In addition to 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
- 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.

Other actuarial recommendations, relating to the administration of the scheme and benefit design, included in this report were that:
- the CILSLB Act be reviewed to ensure that a worker is not entitled to long service leave benefits under both NT Build and an industrial award or other employment arrangement;
- the scheme remove future eligibility for transitional entitlements; and
- the administrative arrangements surrounding retrospective service be simplified, or that retrospective service entitlement be removed as an option.

It is proposed that these recommendations be incorporated into a broader review of the legislation to be undertaken in 2012.

With the scheme having just completed it sixth year of operation, the conducting of a second actuarial review has been scheduled for the first half of the 2011-12 reporting period.

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 2011 is outlined on page 25.

Conducting business

Meetings
During this reporting period the Board convened a total of 26 times, including 6 regular meetings and 20 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.

Remuneration
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 26 meetings of the Board, 74 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

Two new policy decisions, relating to the revised weekly benefit level and the recognition of absences on workers compensation for portable long service leave accrual purposes, were 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 2011.

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, one application for reconsideration was finalised 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		
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 the previous reporting period (2009-10) and is not expected to be resolved until early 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 2011

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)	
	Trevor Gauld 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 Northern Territory Manager Laing O'Rourke Australia Construction 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). This means that, administratively, NT Build is 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 table, the staffing profile for NT Build as at 30 June 2011 consisted of 6 full time staff, one down on the previous year as a result of one position being vacant due to the temporary transfer of an employee to another NT Public Sector agency.

Table 14: Staffing profile as at 30 June

Classification	At 30 June 06		At 30 June 07		At 30 June 08		At 30 June 09		At 30 June 10		At 30 June 11	
Level	**FTE**	**Gender**	**FTE**	**Gender**	**FTE**	**Gender**	**FTE**	**Gender**	**FTE**	**Gender**	**FTE**	**Gender**
ECO1	1	M	1	M	0.5	M	0.5	M	1	M	1	M
SAO1	1	F	1	F	1	F	1	F	1	F	1	F
AO7											1	M
AO6	1.5	1M, 1F	3	2 F, 1 M	3	1F, 2M	3	1F, 2M	3	1F, 2M	2	1F,1M
AO4	1	F	1	F	0.7	F	0	-	1	F	0	-
AO2	0	-	0	-	1	M	1	M	1	M	1	M
AO1	0	-	1	F	0	-	0	-	0	-	0	-
	4.5		**7**		**6.2**		**5.5**		**7**		**6**	

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.

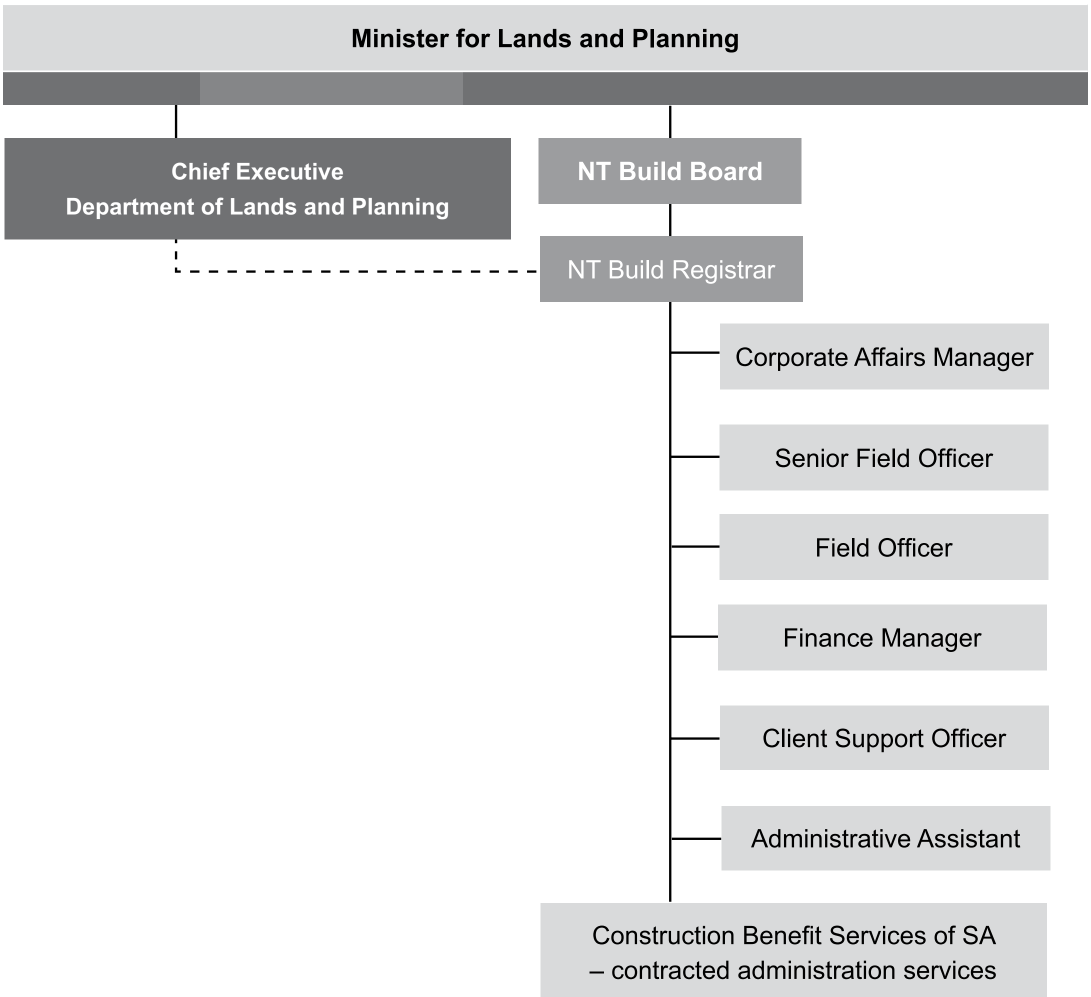
Disclosure of interests

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 2011.



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 to progressively co-locate within the office of NT Build 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

Information management

Information Privacy and Access (FOI)
As a 'body corporate' established under Territory legislation, the 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 2010-11 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.

<u>Information systems</u>

- *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 2010-11, 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 the fourth year of operation of the scheme.

<u>General marketing activities</u>

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.

<u>Industry consultation</u>

- *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 four 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.

Insurance and risk management

<u>Insurance</u>
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.

<u>Internal audit</u>
As the contracted financial advisers for the scheme, BDO Kendalls 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 the introduction of a 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.

Table 15: Summary of the audits undertaken

	B/FWD	STARTED	FINALISED	C/FWD
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 2011 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.

Part 3 Financial accountability

Financial Statements for year ended 30 June 2011

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 37 to 65:

   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 2011 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: 8 November 2011

Independent auditor's report

Auditor-General

Independent Auditor's Report to the Board

NT Build

Year Ended 30 June 2011

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 2011, the statement of comprehensive income, the statement of changes in equity and the cash flow statement 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 $9,939,428 disclosed as 'Contributions from levy payers' in the statement of comprehensive income.

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 2011, 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 November 2011

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

Statement of comprehensive income

for the year ended 30 June 2011

	Note	2011	2010
INCOME		**$**	**$**
Contributions from levy payers		9 939 428	8 332 922
Other income	**2**	2 377 836	1 773 292
TOTAL INCOME		12 317 264	10 106 214
EXPENSES			
Depreciation and Amortisation	**3(a)**	3 224	66 728
Fees and allowances	**3(b)**	40 317	16 286
Long service leave benefit payments		465 169	535 673
Long service scheme expense - current	**10**	3 499 000	3 805 000
Occupancy costs		99 969	58 080
Employee expenses		736 626	594 163
Other expenses		528 730	405 450
TOTAL EXPENSES		5 373 035	5 481 380
NET SURPLUS (DEFICIT)		6 944 229	4 624 834
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		6 944 229	4 624 834

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 2011

	Note	2011 $	2010 $
ASSETS			
Current assets			
Cash and cash equivalents	4	21 441 405	17 641 409
Trade and other receivables	6	2 317 680	1 542 387
Other financial assets - investments	7	18 132 532	12 204 809
TOTAL CURRENT ASSETS		41 891 617	31 388 605
Non-current assets			
Property, plant & equipment	8	14 601	17 824
TOTAL NON-CURRENT ASSETS		14 601	17 824
TOTAL ASSETS		41 906 218	31 406 429
LIABILITIES			
Current liabilities			
Trade and other payables	9	121 326	64 766
Provision for scheme liabilities	10	500 000	500 000
TOTAL CURRENT LIABILITIES		621 326	564 766
Non-current liabilities			
Provision for scheme liabilities	10	20 407 000	16 908 000
TOTAL NON-CURRENT LIABILITIES		20 407 000	16 908 000
TOTAL LIABILITIES		21 028 326	17 472 766
NET ASSETS		20 877 892	13 933 663
EQUITY			
Implementation Funding	12	296 867	296 867
Retained surplus		20 581 025	13 636 796
TOTAL EQUITY		20 877 892	13 933 663

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 2011

	Note	Retained Surplus $	Implementation Funding $	Total $
At 1 July 2009		9 011 962	296 867	9 308 829
Comprehensive income		4 624 834	-	4 624 834
At 30 June 2010		13 636 796	296 867	13 933 663
Comprehensive income		6 944 229	-	6 944 229
At 30 June 2011		20 581 025	296 867	20 877 892

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 2011

	Note	2011 $	2010 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Contributions from levy payers		9 428 864	8 465 144
Payments to suppliers and employees		(1 814 250)	(1 612 421)
Interest received		885 382	647 892
Interest paid		-	-
Net Cash from/(used in) operating activities	**5(b)**	8 499 996	7 500 615
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds - sale of property, plant and equipment		-	1 000
Payment for investments		(4 700 000)	(4 934 575)
Net Cash from/(used in) investing activities		(4 700 000)	(4 933 575)
Net cash from/(used in) financing activities		-	-
Net increase/(decrease) in cash		3 799 996	2 567 040
Cash at the beginning of the financial year		17 641 409	15 074 369
CASH AT THE END OF THE FINANCIAL YEAR	**5(a)**	21 441 405	17 641 409

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 2011

Note 1 CORPORATE INFORMATION

The financial statements of NT Build for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the board members on 4 November 2011 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.

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. Except where stated, financial statements have also been prepared on an accrual basis and is based on historical cost. As part of the preparation of the financial statements, all intra organisation transactions and balances have been eliminated.

(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 Agency 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.

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.

(c) Leases

Leases of property, plan and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Fiance charges are charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

When assets are leased out under finance leases, the present value of the lease payments is recognised as a lease receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognised over the lease term using the net investment method which reflects a constant periodic rate of return.

Lease income from operating leases is recognised in profit or loss on a straight-line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the same bases as the lease income.

(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.

(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

Revenues, expenses are recognised net of GST except where GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the taxation authority 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 and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(i) Trade and other payables

Trade and other payables represent liabilities for goods and services provided to the entity prior to the year end and which are unpaid. These amounts are unsecured and have 30-60 day payment terms. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(j) Cash and cash equivalents

For the purposes of the 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 Board 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 the Board 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.

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.

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.

(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 the group for similar financial instruments..

(o) Other Liabilities

Other liabilities comprises non-current amounts due to related parties that do not bear interest and are 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 (entity's incremental borrowing rate). The discount is credited to profit or loss immediately and amortised using the effective interest method.

(p) 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 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]

A number of amendments are largely technical, clarifying particular terms or eliminating unintended consequences. Other changes include current/non-current classification of convertible instruments, the classification of expenditure on unrecognised assets in the cash flow statement and the classification of leases of land and buildings. The Standard does not impact the Financial Statements.

AASB 2010-3 Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 3, 7, 121, 128, 131, 132 & 139]

The amending Standard clarifies certain matters, including the measurement of non-controlling interests in a business combination, transition requirements for contingent consideration from a business combination and transition requirements for amendments arising as a result of AASB 127 Consolidated and Separate Financial Statements. The Standard does not impact the Financial Statements.

Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments

The Interpretation addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor of the entity to extinguish all or part of the financial liability. The Interpretation does not impact the Financial Statements.

(q) Accounting Standards issued but not yet effective

The following new/amended accounting standards and interpretations have been issued, but are not mandatory for financial years ended 30 June 2011. They have not been adopted in preparing the financial statements for the year ended 30 June 2011 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.

(i) AASB 9 Financial Instruments, Amends the requirements for classification and measurement of financial assets.

Effective for annual reporting period beginning on or after 1 January 2013.

This amends the requirements for classification and measurement of financial assets. Due to the recent release of these amendments and that adoption is only mandatory for the 30 June 2014 year end, the entity has not yet made an assessment of the impact of these amendments.

(ii) AASB 124 (issued December 2009) Related Party Disclosures

Effective for annual reporting periods commencing on or after 1 January 2011.

This pertains to simplification of disclosure requirements for government related entities and clarifies the definition of a related party. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements. However, various disclosures currently required by government entities about related party transactions with other entities that are controlled, or significantly influenced by the same government entity will no longer be required if it is costly to gather and of less value to users.

(iii) AASB 2010-2 (issued June 2010), Amendments to Australian Accounting Standards arising from the Reduced Disclosure Requirements

Effective for annual reporting periods commencing on or after 1 July 2013.

Entities classified as Tier 2 entities in AASB 1053 Application of Tiers of Australian Accounting Standards that currently apply full IFRSs as adopted in Australia are able to adopt the Reduced Disclosure Requirements. The entity is a Tier 2 entity and therefore eligible to apply the Reduced Disclosure Requirements of AASB 2010-2. The Reduced Disclosure Requirements are not mandatory for Tier 2 entities and the entity has not yet made a decision about whether it will adopt the Reduced Disclosure Requirements in future.

(iv) AASB 2010-6 (issued November 2010), Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets

Effective for annual reporting periods commencing on or after 1 July 2011.

Additional disclosures required for entities that transfer financial assets, including information about the nature of financial assets involved and the risks associated with them. As this is a disclosure standard only, there will be no impact on amounts recognised in the financial statements.

(v) 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]

Effective for annual reporting periods commencing on or after 1 January 2011.

Amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures.

This Standard also makes numerous editorial amendments to other Standards.

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

Effective for annual reporting periods commencing on or after 1 January 2011.

Makes numerous editorial amendments to a range of Standards and Interpretations

(vii) AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process (issued June 2010)

Effective for annual reporting periods commencing on or after 1 January 2011.

The amendments relevant to the organisation are as follows:

(a) AASB 7 Financial Instruments: Disclosures
Deletes various disclosures relating to credit risk, renegotiated loans and receivables and the fair value of collateral held. There will be no impact on initial adoption to amounts recognised in the financial statement as the amendments result in fewer disclosures only.

(b) AASB 101 Presentation of Financial Statements
A detailed reconciliation of each item of other comprehensive income may be included in the statement of changes in equity or in the notes to the financial statements. There will be no impact on initial adoption of this amendment as a detailed reconciliation of each item of other comprehensive income has always been included in the statement of changes in equity.

(r) Critical Accounting Judgements and Estimates

The preparation of the financial report 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 2(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 2(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 2(b), Note 8: Property, Plant and Equipment*

The entity 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 2011

			2011 $	2010 $
Note	**2**	**OTHER INCOME**		
		Interest received - Bank deposits	1 084 658	790 348
		Investment income	733 768	245 331
		Movement in equity investments	455 182	696 856
		Total income from investments	2 273 608	1 732 535
		Sundry income	104 228	40 757
		Total other income	2 377 836	1 773 292
Note	**3**	**EXPENSES**		
	3(a)	Depreciation and amortisation of non-current assets		
		- leasehold improvements	-	59 410
		- plant and equipment	3 224	7 317
		Total depreciation and amortisation	3 224	66 727
	3(b)	Fees and Allowances		
		- board members' fees	40 317	16 286
		- other allowances	-	-
		Total fees and allowances	40 317	16 286
	3(c)	Auditor's Remuneration		
		Remuneration of the auditor for:		
		- audit of the financial reports	14 800	14 000
		- other services	-	-
		Total auditor's remuneration	14 800	14 000

			2011 $	2010 $
Note	**4**	**CASH AND CASH EQUIVALENTS**		
		Cash on hand	200	200
		Cash deposits with banks	3 598 274	1 622 582
		Short term money market deposits	17 842 931	16 018 627
		Total cash and cash equivalents	21 441 405	17 641 409

Effective interest rate on short term deposits is 6.23%

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:

	2011	2010
Cash on hand	200	200
Cash deposits with banks	3 598 274	1 622 582
Short term money market deposits	17 842 931	16 018 627
Balance per statement of cash flows	21 441 405	17 641 409

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

	2011	2010
Net Surplus (Deficit)	6 944 229	4 624 834
Depreciation and amortisation	3 224	66 727
Movement in market value of investments	(455 182)	(696 586)
Manager fee rebate	(38 773)	(24 393)
Distribution income capitalised	(733 770)	(245 330)
Scheme liability expenses	3 499 000	3 805 000
Loss on disposal of plant and equipment	-	2 877
Changes in assets and liabilities		
(Increase)/decrease in trade & term debtors	(775 292)	(24 750)
Increase/(decrease) in trade creditors and accruals	(56 560)	(7 495)
Cash flows from operations	8 499 996	7 500 614

continued: Notes to and forming part of the financial statements - 30 June 2011

			2011 $	2010 $
Note	**6**	**TRADE AND OTHER RECEIVABLES CURRENT**		
		Levy debtors	1 164 594	742 626
		Provision for doubtful debts	-	-
			1 164 594	742 626
		Other debtors	2 569	46 439
			2 569	46 439
		Accrued industry contributions	1 150 517	753 322
		Total trade and other receivables	2 317 680	1 542 387

a) Past due but not impaired

As of 30 June 2011, trade receivables of $723 505 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:

	2011 $	2010 $
Not past due	421 089	156 139
Past due [30] days	39 808	152 936
Past due [30-60] days	-	1 347
Past due [>60] days	71 939	50 363
Instalments	631 758	381 841
Total	1 164 594	742 626

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

	2011	2010
	$	$
MLC (NCIT) Moderate Trust	18 132 532	12 204 809

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

	2011	2010
- Australian Shares	31%	31%
- Global Shares	34%	34%
- Bonds	31%	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 2011

	2011 $	2010 $
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)	(18 645)
	-	151
Furniture and fittings		
At cost	30 720	30 720
Less accumulated depreciation	(16 119)	(13 047)
	14 601	17 673
Total Property, Plant and Equipment	14 601	17 824

continued: Notes to and forming part of the financial statements - 30 June 2011

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 the 1 July 2009	59 410	8 274	20 745	88 429
Additions	-	-	-	-
Disposals	-	(3 877)	-	(3 877)
Depreciation and Amortisation	(59 410)	(4 246)	(3 072)	(66 728)
At 30 June 2010	-	151	17 673	17 824
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

continued: Notes to and forming part of the financial statements - 30 June 2011

			2011 $	2010 $
Note	**9**	**TRADE AND OTHER PAYABLES**		
		CURRENT		
		Trade creditors	71 631	30 365
		Other creditors and accruals - other entities	49 695	34 401
		Total trade and other payables	121 326	64 766
Note	**10**	**PROVISIONS FOR SCHEME LIABILITIES**		
		CURRENT		
		Scheme liabilities	500 000	500 000
		NON-CURRENT		
		Scheme liabilities - current year	20 907 000	17 408 000
		Less: Current portion of scheme liabilities	(500 000)	(500 000)
		Total provisions for scheme liabilities	20 407 000	16 908 000
		Reconciliation of movement in scheme liabilities		
		Balance at beginning of year	17 408 000	13 603 000
		Actuarial valuation adjustment recognised in the income statement	3 499 000	3 805 000
		Balance at end of year	20 907 000	17 408 000

(a) The NT Build Long Service Leave liability valuation was carried out on 12 September 2011 by Cumpston Sarjeant Pty Ltd, Consulting Actuaries, in respect of the year ended 30 June 2011.

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 5.3% and a salary growth rate of 4.5%.

The discount rate was determined based on the prevailing Commonwealth bond rate at 30 June 2011, 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 Barry Chambers (Chairperson), Dick Guit, Graham Kemp, Tony Stubbin, Trevor Gauld and Mick Huddy.

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	26	26
Dick Guit	26	21
Graham Kemp	26	19
Tony Stubbin	26	24
Trevor Gauld	26	19
Mick Huddy	26	22

*Includes scheduled and out of session Board meetings

Note 12 IMPLEMENTATION FUNDING

Movements during the year	**2011** **$**	**2010** **$**
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, the Board is exposed to risks that arise from its use of financial instruments. This note describes the Board'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 Board include cash and deposits, receivables, payables and finance leases. NT Build has limited exposure to financial risks as discussed below.

There have been no substantive changes in the Board'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.

	2011	2010
	$	$
Financial assets		
Cash and deposits	21 441 405	17 641 409
Loans and receivables	2 317 680	1 542 387
Available-for-sale financial assets	18 132 532	12 204 809
	41 891 617	31 388 605
Financial liabilities		
Payables	121 326	64 766
	121 326	64 766

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 the Board 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 policies that seek to reduce risk as far as possible without unduly affecting the Board'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 the Board'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 the Board's maximum exposure to credit risk without taking account of the value of any collateral or other security obtained.

The receivables of the Board arise out of a statutory obligation on various entities undertaking building and construction work costing $200 000 or more. As a result the Board 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:

	2011	2010
	$	$
Instalment	631 758	381 841
Non-Instalment	532 836	360 785
	1 164 594	742 626

The Board's most significant customer accounts for 45% of trade receivables at 30 June 2011.

(c) Liquidity Risk

Liquidity risk is the risk that NT Build will not be able to meet its financial obligations as they fall due. The Board's approach to managing liquidity is to ensure it will always have sufficient liquidity to meet its 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. The Board 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 - 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	-	-	-
Finance lease liabilities		-	-	-	-	-	-
Bank overdrafts		-	-	-	-	-	-
TOTAL		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							
Trade Debtors		2 317 680	2 317 680	2 317 680	-	-	-
Investments	8.5%	18 132 532	18 132 532	18 132 532	-	-	-
TOTAL		20 450 212	20 450 212	20 450 212	-	-	-

Maturity Analysis - 2010

Financial Liabilities	Rate	Carrying Amount $	Contractual Cash flows $	<6 mths $	6-12 mths $	1-3 years $	>3 years $
Non-derivatives							
Payables		64 766	64 766	64 766	-	-	-
Finance lease liabilities		-	-	-	-	-	-
Bank overdrafts		-	-	-	-	-	-
TOTAL		64 766	64 766	64 766	-	-	-

Financial Assets	Rate	Carrying Amount $	Contractual Cash flows $	<6 mths $	6-12 mths $	1-3 years $	>3 years $
Non-derivatives							
Trade Debtors		1 542 387	1 542 387	1 542 387	-	-	-
Investments	-15%	12 204 809	12 204 809	12 204 809	-	-	-
TOTAL		13 747 196	13 747 196	13 747 196	-	-	-

(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 the Board'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 the Board. 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 the Board'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 the Board considers reasonably possible. These sensitivities assume that the movement in a particular variable is independent of other variables.

	Profit	Equity
Year ended 30 June 2011	**$**	**$**
+/-1% movement in interest	+/-214,412	+/-214,412
Year ended 30 June 2010		
+/-1% movement in interest rates	+/-176,412	+/-176,412

Note 14 CAPITAL AND LEASING COMMITMENTS

	2011	2010
Operating Lease Commitments	**$**	**$**
Payable:		
One year or less	174 949	148 740
Later than one year and not later than five years	416 877	469 817
Later than five years	-	-
Total operating lease commitments payable	591 826	618 557

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) As a result of the volatility in the financial markets after the balance date, the Board's investment with MLC (NCIT) Moderate Trust registered a decline in its market value. At 14 October 2011, the value of the investment had decreased by $771,453.53

State/Territory schemes

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

Australia Capital Territory

Construction Industry Long Service Leave Board
71 Constitution Ave
Campbell ACT 2612
Toll Free: 1800 655 060
Email: construction@actlslb.act.gov.au
Web: www.actlslb.act.gov.au

New South Wales

Building & Construction Industry Long Service Payments Corporation
Ground Floor
Corner Baker & Donnison Streets
Gosford NSW 2250
Toll Free: 1800 426 684
Email: info@lspc.nsw.gov.au
Web: www.lspc.nsw.gov.au

Queensland

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

South Australia

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

Tasmania

TasBuild
Level 1
115 Central Avenue
Derwent Park TAS 7009
Tel: (03) 6233 7670
Email: secretary@tasbuild.com.au
Web: www.tasbuild.com.au

Victoria

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

Western Australia

Construction Industry Long Service Leave Payments Board
Ist Floor, 26 Colin Street
(Corner of Colin and Ord Streets)
West Perth WA 6005
Toll Free: 1800 198 136
Email: lslstaff@walslboard.com.au
Web: www.lslboard.com.au

Ausleave

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

Street: Units 32-33 / 12 Charlton Court, Woolner NT 0820
Post: PO Box 36644, Winnellie NT 0821
General enquiries: 1300 795 855
Office phone: (08) 8923 9300
Fax: (08) 8923 9318
Email: info@ntbuild.com.au
Web: www.ntbuild.com.au
ABN: 16 851 173 952