

### 2013-14 Highlights

- Finalised a review of the *Construction Industry Long Service Leave and Benefits Act*, including consultation with key industry stakeholders and provided advice to the Minister.
- Implemented the NT Government's decision to reduce the levy rate from 0.3% to 0.1%, and increase the leviable project threshold from \$200,000 to \$1 million, effective from 7 April 2014.
- Achieved a growth in net assets of \$2.6 million over the year (although down from the \$8.2 million achieved in 2012-13).
- Received approximately \$4.2 million in levy contributions (down from the \$9.6 million achieved in 2012-13).
- Finalised an assessment of business systems aimed at minimising administration costs and supporting a suite of on-line and electronic business transaction services.
- Recorded total active registrations of 17 169 workers and 468 employers.
- Made benefit payments to 229 workers at a cost of approximately \$799 000.
- Minimised the impact of the volatile global financial markets on the Scheme's financial assets through the continuation of a conservative investment strategy.

### About NT Build

NT Build, a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act* on 1 July 2005, is administered by a board which comprises an independent Chairperson, a Ministerial nominee and four industry members.

The NT Build scheme is self funded through the collection of a levy imposed on construction work undertaken in the Territory and investment earnings. This revenue is used to fund payment of long service leave benefits accrued by construction workers while working on defined projects in the Territory.

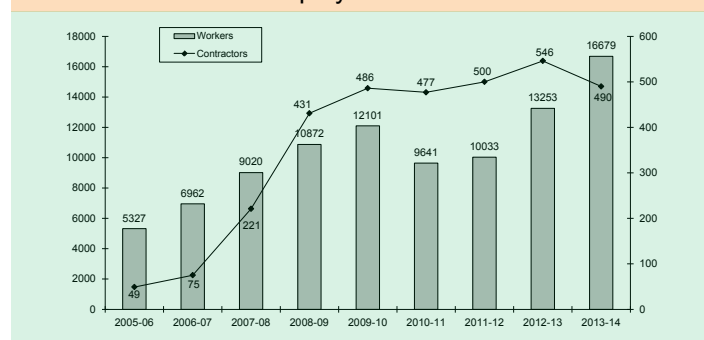
The establishment of NT Build completed a network of similar schemes in all Australian jurisdictions. The Territory construction industry and its employees are therefore no longer at a disadvantage in respect of this form of benefit.

### Statistical Highlights

#### Worker registration numbers

As shown in the chart below the total number of active worker registrations recorded by the scheme reflected a substantial increase of 3 370 on the numbers for the previous reporting period. This variance consists of 3 426 more employees and 53 less labour-only contractors.

Chart: Employee Vs Contractor



As at 30 June 2013 a total of 7 564 workers are currently deregistered from the NT Build scheme. As many of the deregistered workers may still be actively working in the industry interstate, it is anticipated that a significant proportion of the deregistered workers will have their NT service reinstated under the terms of the national portability agreement.

#### Benefit payments

During the 2013-14 reporting period 229 claims for long service leave benefits were paid. These claims resulted in a total gross benefit payments expense of approximately \$799 000 in respect of work performed in the NT. While the number of claims was down from the previous year, the cost was up slightly on the \$649 000 paid during the 2012-13 reporting period.

Benefit Claims	2010-11	2011-12	2012-13	2013-14
Lodged interstate	72	99	166	124
Lodged NT Build	47	49	69	105
<b>Total claims</b>	<b>119</b>	<b>148</b>	<b>234</b>	<b>229</b>

#### Benefit rate

As illustrated in the following table, the benefit rate for the payment of a credit is determined by the Board, reviewed annually (generally in July) and applied to both workers and contractors.

Table: defined benefit rate

2009-10	2010-11	2011-12	2012-13	2013-14
\$1022 pw	\$1076 pw	\$1136 pw	\$1151 pw	\$1206 pw

### Age profile

	June 11	June 12	June 13	June 14
Average age	39	38	37	38
Oldest	81	77	78	79
Youngest	14	15	15	15

### Days of service

	June 2011	June 2012	June 2013	June 2014
Total estimated service days	4.35M	5.12M	6.38M	7.23M

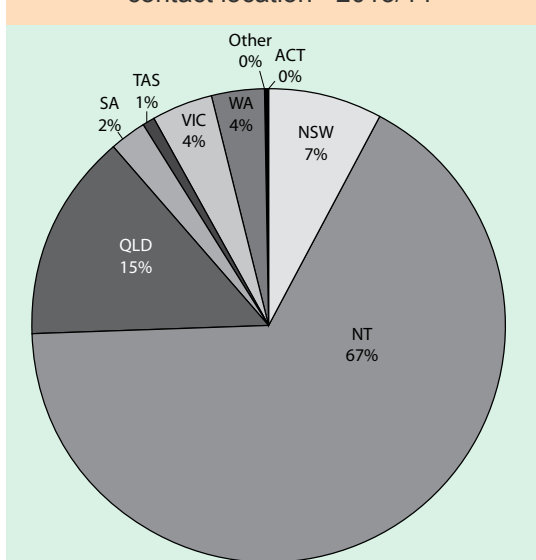
### Scheme demographic

The continued success of the scheme in terms of providing benefits to local Territory private sector construction workers and in attracting skilled workers to the Territory is evidenced by the following table and diagram which shows that approximately two thirds of the registered workers record a Territory contact address.

Table: No. of workers by contact location

	2010-11	2011-12	2012-13	2013-14
ACT	11	11	17	21
NSW	885	903	1 066	1 210
NT	6 101	6 899	9 201	11 413
QLD	1 480	1 534	1 970	2 608
SA	289	286	336	355
TAS	38	35	108	108
VIC	473	471	601	733
WA	5364	380	484	702
Other	-	14	16	19
<b>Total</b>	<b>9 641</b>	<b>10 533</b>	<b>13 799</b>	<b>17 169</b>

Chart: Percentage of workers by contact location - 2013/14



### Employer registration numbers

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

	June 11	June 12	June 13	June 14
Registered Employers	256	312	395	468

Section 81(1)(a) of the CILSLB Act empowers the Registrar to compel a person who employs construction workers to provide any information relating to that employment. An employer who fails to comply could be prosecuted for failure to comply with the notice.

No notices were issued during this reporting period.

### Levy payment and compliance

Contributions from Levy Payers	June 2011	June 2012	June 2013	June 2014
Total levy income # (approximate)	\$9.9M	\$12.0M	\$9.6M	\$4.2M

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

Section 81(1)(b) of the CILSLB Act empowers the Registrar to compel a person to provide any information relating to construction work on which the levy is or may be imposed. A levy payer who fails to comply could be prosecuted for failure to comply with the notice.

A total of 2 notices were issued during the 2013-14 reporting period.

The Board continues to pursue compliance issues to ensure that the scheme is administered equitably.

### Debt recovery

The use of debt collection agents is reserved for those instances where a levy payer, who has been issued an invoice by NT Build in relation to a levy amount owing, defaults on the payment of their levy obligation.

During the 2013-14 reporting period five levy payers were referred to a debt collection agent for recovery action.

As at 30 June 2014 money owed from three payers had been successfully recovered. Recovery action for the remaining two payers carried forward to the 2014-15 reporting period.

## Actuarial Advice

### Long service leave liability

For accounting purposes as at 30 June 2014 the actuary recommended a liability for accrued long service leave benefits of \$38.4 million be adopted. This represents an increase of \$5.6 million from the 30 June 2013 estimate of \$32.8 million.

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

- 25% of service credits will be abandoned without benefits payments;
- the average period until payment will be 7 years; and
- a discount rate of 3.6% and a salary growth rate of 4.5%.

This Long Service Leave liability valuation is sensitive to the above assumption that 25% of service credits will be abandoned without benefit payments and is considered to be a key uncertainty of the valuation. The Actuary expects the abandonment rate will lie between about 15% and 35%, although the extremes of this range are unlikely.

Based on long term interstate long service levy scheme experience the Actuary indicates that the 25% abandonment assumption for the NT scheme is broadly reasonable. It will be several years before there is sufficient internal scheme experience that can properly inform the valuation assumption, so this valuation risk will remain for some time.

### Investment of funds

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 economic performance in the global and Australian financial markets, the Board determined that an investment strategy biased towards secure cash investments was no longer appropriate for the 2013-14 reporting period. As reflected below, term deposits on maturity were redeemed in full and transferred to JANA Moderate Trust for investment.

While information regarding the performance of the scheme's investments is provided in the Financial Statements included in this report, the previous table reflects the actual (pre interest) amounts invested.

Fund Managers	Accumulated funds invested at 30 June 2013	Funds invested / (redeemed) 2013-14	Total funds invested at 30 June 2014
MLC/JANA	\$26.1M	\$24.9M	\$51.0M
TIO	\$19.9M	(\$14.7M)	\$5.2M
WESTPAC	\$2.0M	(\$2.0M)	-
MEB	\$5.0M	\$0.2M	\$5.2M
<b>TOTAL</b>	<b>\$53.0M</b>	<b>\$8.4M</b>	<b>\$61.4M</b>

## Corporate Governance

### Board membership

The scheme is administered by a Government appointed Board. Following the sad passing of inaugural member Graham Kemp in June 2014, Dave Malone of MBANT has subsequently been welcomed to the Board as his replacement. However, as action to finalise Mr Malone's appointment was not completed prior to the end of the reporting period, the Members as at 30 June 2014 formally consisted of:

- Barry Chambers - Independent Chairperson
- Craig Graham - Ministerial nominee.
- Michael Haire - Employee organisation Rep.
- Mick Huddy - Employee organisation Rep.
- Dick Guit - Employer organisation Rep.

### Board decisions

In the course of a total of 16 meetings of the Board:

- 29 general items of business were resolved, covering a range of issues concerning governance, scheme administration and the financial and general operational management of NT Build; and
- Four new policy decisions were resolved during this reporting period.

## Communications and Marketing

### General activities undertaken

- Advertising in relevant industry publications and directories;
- Maintenance of the NT Build website; and
- Production of a range of targeted customer information bulletins and fact sheets.

### Industry consultation

#### *Information sessions and briefings*

During the reporting period NT Build staff provided a range of information and briefing sessions to construction industry organisations.

#### *Presentations to the Board*

During the reporting period three 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, NT Build participates 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.

## 2014-2015 Priorities

- Support the third formal actuarial review of the Scheme for the Minister.
- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the Scheme.
- Support the implementation of legislative amendments to give effect to the NT Government's decision to clarify the way the levy will be calculated for major construction projects and to reduce the number of qualifying service days a worker needs to be credited with a year of long service leave credit from 260 days to 220 days.
- Finalise implementation of a new business system to reduce administrative costs, improve stakeholder interaction and introduce a suite of on-line self-service capabilities.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs for NT Build and maximise stakeholders convenience.
- Continue to actively encourage the registration of all eligible workers.

## Financial Statements For Year Ended 30 June 2014

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

### Statement of comprehensive income

	<b>2014</b>
	<b>\$</b>
<b>INCOME</b>	
Contributions from levy payers	4 236 462
Other income	6 520 465
Employee benefits	(795 839)
Depreciation and Amortisation	(3 072)
Fees and allowances	(49 187)
Long service leave benefit payments	(1 137 741)
Long service scheme expense - current	(45 648 000)
Occupancy costs	(97 330)
Other expenses	(4946 404)
<b>NET SURPLUS</b>	<b>2 579 354</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>2 579 354</b>

### Statement of financial position

	<b>2014</b>
	<b>\$</b>
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	11 632 445
Trade and other receivables	891 243
Other financial assets	61 829 197
<b>TOTAL CURRENT ASSETS</b>	<b>74 352 885</b>
<b>Non-current assets</b>	
Property, plant & equipment	5 385
<b>TOTAL NON-CURRENT ASSETS</b>	<b>5 385</b>
<b>TOTAL ASSETS</b>	<b>74 358 270</b>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	329 167
Short-term provisions	1 340 000
Other liabilities	-
<b>TOTAL CURRENT LIABILITIES</b>	<b>1 669 167</b>
<b>Non-current liabilities</b>	
Long-term provisions	37 094 000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>37 094 000</b>
<b>TOTAL LIABILITIES</b>	<b>38 763 167</b>
<b>NET ASSETS</b>	<b>35 595 103</b>
<b>EQUITY</b>	
Reserves	269 867
Retained earnings	35 298 236
<b>TOTAL EQUITY</b>	<b>35 595 103</b>

The complete set of audited financial statements and notes to and forming part of the financial statements for the year ended 30 June 2014 is published in the 2013-14 Annual Report.

### Contact Details

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