

### 2018-19 Key Highlights

- Implemented the changed Australian Taxation Office “Single Touch Payroll” processing practice from 1 July 2018 to provide a more streamlined, timely and efficient tax reporting regime.
- Recorded estimated total accumulated liabilities of \$62.13 million (a decrease of \$4.29 million in comparison to the 2017-18 period). Scheme’s assets continue to cover liabilities..
- Recorded an overall net increase in assets for the year of \$0.38 million (compared to the decrease of \$7.39 million recorded 2017-18).
- Received approximately \$1.38 million in levy contributions (down from the \$1.66 million achieved in 2017-18).
- Decrease in active worker registrations and an increase in employer registrations during the year. Total active registrations of 14 054 workers and 588 employers recorded with the Scheme as at 30 June 2019.
- Made a records number of 1 817 benefit payments to workers who have been involved in the NT construction industry at a cost to the Scheme of approximately \$8.85 million (up from the 1 162 payments at a cost of \$4.86 million made in 2017-18).

### About NT Build

NT Build, a statutory corporation established by the *Construction Industry Long Service Leave and Benefits Act 2005* on 1 July 2005, is administered by a board which comprises an independent chairperson and six members nominated by the Minister.

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

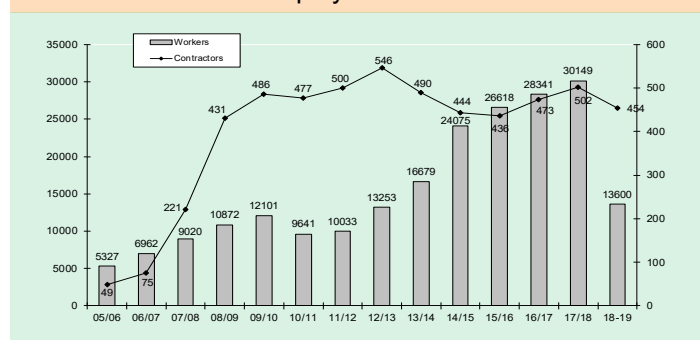
The establishment of NT Build completed a network of similar schemes in all Australian jurisdictions.

### Statistical Highlights

#### Worker registration numbers

As shown in the table and chart below, the total number of active worker registrations recorded by the Scheme reflected a significant decrease of 16 597 in comparison to the previous reporting period. This variance consists of 16 549 less employees and 48 less labour-only contractors.

Chart: Employee Vs Contractor



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

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

#### Benefit payments

During the 2018-19 reporting period 1817 claims for long service leave benefits were paid, an increased of almost 56% compared to the 2017-18 reporting period, at a total gross cost of approximately \$8.85 million to the Scheme for NT accrued service.

Benefit Claims	2015-16	2016-17	2017-18	2018-19
Lodged interstate	270	346	365	582
Lodged NT Build	408	608	797	1 235
<b>Total claims</b>	<b>678</b>	<b>954</b>	<b>1 162</b>	<b>1 817</b>

#### Benefit rate

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

Table: defined benefit rate

2014-15	2015-16	2016-17	2017-18	2018-19
\$1233 pw	\$1254 pw	\$1276 pw	\$1298 pw	\$1325 pw

### Age profile

	June 16	June 17	June 18	June 19
Average age	38	39	39	39
Oldest	81	82	83	84
Youngest	15	15	15	15

### Days of service

	June 2016	June 2017	June 2018	June 2019
Total estimated service days	11.28M	14.07M	16.55M	18.30M

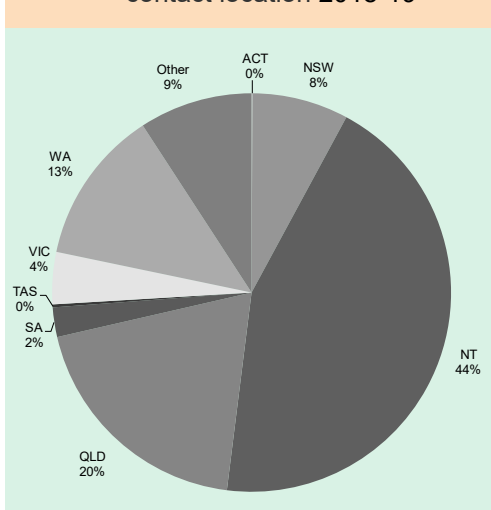
### Scheme demographic

The success of the Scheme in terms of providing benefits to local private sector construction workers and in attracting skilled workers to the Territory is evidenced by the table and diagram below. While approximately 44% of the workers record an NT contact address, it also illustrates the transient nature and mobility of the workforce in the construction industry across state and territory borders.

Table: No. of workers by contact location

	2015-16	2016-17	2017-18	2018-19
ACT	26	23	23	10
NSW	2 055	2 219	2 487	1 098
NT	15 576	14 525	14 189	6 197
QLD	5 433	5 879	6 060	2 731
SA	610	669	713	337
TAS	147	153	160	34
VIC	1 270	1 435	1 605	594
WA	1 928	2 248	3 156	1 763
Other	9	1 663	2 249	1 290
<b>Total</b>	<b>27 054</b>	<b>28 814</b>	<b>30 651</b>	<b>14 054</b>

Chart: Percentage of workers by contact location 2018-19



### Employer registration numbers

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

	June 16	June 17	June 18	June 19
Registered Employers	523	554	557	588

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 2016	June 2017	June 2018	June 2019
Total levy income # (approximate)	\$3.7M	\$2.4M	\$1.6M	\$1.4M

#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.

One notice was issued during the 2018-19 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 2018-19 reporting period no new actions relating to levy payers were referred to a debt collection agent for recovery action.

As at 30 June 2019 money owed from two levy payers brought forward from previous reporting periods had been recovered.

## Actuarial Advice

### Long service leave liability

For accounting purposes as at 30 June 2019 the actuary recommended a liability for accrued long service leave benefits of \$61.952 million be adopted.

As a result of applying the asset based discount rate when valuing the liability in this reporting period, along with adjustments to other actuarial assumptions, that valuation represents a net decrease of \$4.22 million from the previous 2017-18 estimate. The most significant elements in the revised valuation included a lower benefit growth rate than assumed; a higher number of benefit payments made; and a lower accruing liability for service days in 2018-19 than recent years.

### Section 91 actuarial review

The Scheme has undergone four triennial reviews to date. Three of the key findings from the last review, undertaken during the 2016-17 period, indicated that:

- the moderate surplus of the Scheme is expected to decline in the next two years (with some chance the Scheme may fall into deficit) due to the Inpex liabilities accruing, however the surplus will again increase once the Inpex levy is paid at the end of the construction phase (\$10 - \$25 million);
- the current levy rate of 0.1 % is below the break-even rate of 0.19% - 0.23%, however due to the high level of surplus, it is recommended that the 0.1% levy rate remain unchanged for the time being; and
- that a key consideration for the ongoing sustainability of the Scheme is the Inpex levy, and the Minister will need to make a determination regarding the levy rate before it falls due.

The NT Build Board has initiated a heightened level of monitoring and oversight and have undertaken to provide advice to the Minister in the event that the solvency margin falls below an acceptable level.

The next triennial review of the Scheme is expected during 2019-20 reporting period.

### Investment of funds

While the liabilities of NT Build will in the main continue to be longer term, as a result of the Scheme's maturity, the payment of benefits to workers significantly increased during 2018-19, with the value exceeding the amount of levy revenue received by approximately 541%.

The downturn in the NT construction sector in combination with the current levy collection structure (of 0.1% on projects over \$1 million and significant exemptions for the housing and resources sectors) will see the above trend continue and is expected to have a material impact on the Scheme's long term sustainability.

The sound investment of the Scheme's accumulated funds plays an increasingly vital role in ensuring there will be sufficient funds to meet both immediate and longer term liability.

As at 30 June 2019, the Scheme's liabilities continued to be well covered by the Scheme's assets.

While information regarding the performance of the Scheme's investments is provided in the Financial Statements included in the full annual report, the table below reflects the actual amounts invested and redeemed.

Fund Managers	Accumulated funds invested at 30 June 2018	Funds invested / (redeemed) 2018-19	Total funds invested at 30 June 2019
MLC/JANA	\$63.8M	\$0.8M	\$64.6M
PCCU	\$2.1M	(\$2.1M)	\$0.0M
<b>TOTAL</b>	<b>\$65.9M</b>	<b>\$1.3M</b>	<b>\$64.6M</b>

## Corporate Governance

### Board membership

The Scheme is administered by a Government appointed Board. The membership of the Board as at 30 June 2019 consisted of: Michael Martin OAM (Chairperson), Michael Haire, David Malone, Dick Guit, Michael Milatos, Rosemary Campbell and Sarah Rummery.

### Board decisions

In the course of a total of 11 meetings of the Board:

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

## Communications and Marketing

### General activities undertaken

- Advertising in relevant industry publications.
- Maintenance of the NT Build website.
- Production of a range of targeted customer information bulletins and fact sheets.
- Participation in the Construction Apprenticeship Mentoring Scheme (CAMS), an MBA NT's initiative.

### Industry consultation

- Information sessions and briefings, including to regional areas.
- Presentations to the Board.
- Liaison with other state and territory construction industry long service leave schemes.

## 2019-20 Key Priorities

- Facilitate the determination and payment of the major project excess levy to ensure receipt of sufficient funds to reimburse benefits already paid and cover future benefit entitlements for registered employees who worked on the project.
- Support the completion of the fifth formal triennial review of the Scheme by the appointed actuary.
- Closely monitor the Scheme's financial position and report on its ongoing financial status in the current low levy (0.1%) and high threshold (\$1M) environment.
- Continue to monitor and review the investment program to identify appropriate opportunities to support the ongoing financial viability of the Scheme.
- Continue to monitor, review and implement operational systems to maximise revenue collection and minimise administrative costs for NT Build and maximise stakeholders convenience.
- Continue to actively encourage the registration of all eligible workers and relevant employers.
- Maintain a strong compliance audit regime to ensure Scheme levy revenue is maintained.
- Monitor staff and workload demands to ensure efficient and timely processing of the increasing number of benefit payments.

## Financial Statements For Year Ended 30 June 2019

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

### Statement of comprehensive income

	2019
	\$
<b>INCOME</b>	
Contributions from levy payers	1 378 466
Other income	14 465 507
Employee benefits expense	(1 025 641)
Depreciation and Amortisation	(82 113)
Fees and allowances	(39 334)
Long service leave benefit payments	(17 973 093)
Long service scheme expense - current	4 220 000
Occupancy costs	(95 381)
Other expenses	(468 365)
	<hr/>
<b>NET SURPLUS/(DEFICIT)</b>	<b>380 046</b>
	<hr/>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>380 046</b>

### Statement of financial position

	2019
	\$
<b>ASSETS</b>	
<b>Current assets</b>	
Cash and cash equivalents	945 373
Trade and other receivables	279 187
Other financial assets	84 206 723
<b>TOTAL CURRENT ASSETS</b>	<hr/> <b>85 431 283</b> <hr/>
<b>Non-current assets</b>	
Property, plant & equipment	8 661
Intangible assets	159 070
<b>TOTAL NON-CURRENT ASSETS</b>	<hr/> <b>167 731</b> <hr/>
<b>TOTAL ASSETS</b>	<hr/> <b>85 599 014</b> <hr/>
<b>LIABILITIES</b>	
<b>Current liabilities</b>	
Trade and other payables	179 818
Short-term provisions	9 800 000
Other liabilities	2 051
<b>TOTAL CURRENT LIABILITIES</b>	<hr/> <b>9 981 869</b> <hr/>
<b>Non-current liabilities</b>	
Long-term provisions	52 152 000
<b>TOTAL NON-CURRENT LIABILITIES</b>	<hr/> <b>52 152 000</b> <hr/>
<b>TOTAL LIABILITIES</b>	<hr/> <b>62 133 869</b> <hr/>
<b>NET ASSETS</b>	<hr/> <b>23 465 145</b> <hr/>
<b>EQUITY</b>	
Reserves - implementation funding	296 867
Accumulated funds	23 168 278
<b>TOTAL EQUITY</b>	<hr/> <b>23 465 145</b> <hr/>

The complete set of audited financial statements and notes to and forming part of the financial statements or the year ended 30 June 2019 is published in the 2018-19 Annual Report.

### Contact Details

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