



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY
12th Assembly

Petition

Registration No.	40
Title	SUPPORT THE RETENTION OF THE TIO IN ITS CURRENT LEGAL STATUS
Presented on	Tuesday 25 November 2014
Presented by	Ms Purick (Member for Goyder)
Referred to	Treasurer (Hon Adam Giles)
Date referred	25 November 2014
Response due	28 April 2015
Response received	30 January 2015
Response to be presented	17 February 2015

Petition

TO THE HONOURABLE THE SPEAKER AND MEMBERS OF THE LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WE THE UNDERSIGNED RESPECTFULLY SHOWETH that we are seriously concerned with the Government's proposal to sell the Territory Insurance Office (TIO). TIO provides invaluable services in the fields of insurance, especially flood and cyclone insurance, Motor Accident Compensation Scheme (MACA) and banking. TIO provides support to senior Territorians by way of discount on premiums and these services may not exist if the TIO is sold to a private operator. Government should consult properly with the people of the Northern Territory and postpone any sale until after the 2016 NT election.

YOUR PETITIONERS THEREFORE HUMBLY PRAY that the Northern Territory Government continues to support the retention of the TIO in its current legal status so that all Territorians can continue to receive the benefits of a home grown insurance and financial establishment.

AND YOUR PETITIONERS, AS IN DUTY BOUND, WILL EVER PRAY

Response

In November 2014, the Northern Territory Government approved the portfolio sale of the TIO Insurance business to Allianz Australia, along with the right to manage the Motor Accident Compensation (MAC) Scheme for ten years. The sale of TIO's Banking Business to People's Choice Credit Union was also approved.

TIO is the last Government owned insurer and bank in Australia and has limited capacity to diversify its risk and to achieve the economies of scale of its main competitors, which undermines its long term financial sustainability. As such, the sale of TIO Insurance and Banking removes these constraints as well as reducing a substantial risk exposure for Government, through the removal of the existing statutory guarantee on TIO insurance contracts and customer

deposits. The sale also generates over \$400 million to be used to invest in infrastructure to support the longer term growth and development of the Territory.

Under the terms of the sale, Allianz Australia has committed to continue to offer flood, storm surge and cyclone cover on a mandatory basis and will move to a risk based pricing of flood premiums over a three year period. Along with this commitment, \$50 million from the sale proceeds has been set aside for flood mitigation initiatives in high risk flood areas of the Northern Territory. Advisory Committees for the Darwin and Katherine region will be established to develop and advise on associated Flood Mitigation Strategies. The development of such strategies will aid in improving the availability and affordability of insurance cover in flood prone areas of the Northern Territory.

The Government continues to retain ownership of the MAC Scheme, however, under the new TIO arrangements, management of the Scheme will be undertaken by Allianz under a contract arrangement. The MAC Scheme is financially one of the strongest schemes in Australia and this management arrangement will assist in keeping the scheme in this position.

The sale of TIO assets is consistent with both the Territory Government's *Framing the Future* objectives for a Prosperous Economy and the Asset Recycling National Partnership Agreement with the Commonwealth Government.