

Answer to Q2-1

Natasha Yuen

Committee: Economic

From: Tiziana Hucent
Sent: Tuesday, 26 May 2015 9:59 AM
To: Natasha Yuen
Subject: Classification query: NT Territory Insurance Office

Paper No: 2-1 Date: 26/5/15
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Signed: [Signature]

From: Mary-Anne Stewart <mary-anne.stewart@abs.gov.au>
Date: 22 December 2014 11:33:16 am ACST
To: Dwayne McInnes <Dwayne.McInnes@nt.gov.au>
Cc: Craig Graham <Craig.Graham@nt.gov.au>, David Braines-Mead <David.Braines-Mead@nt.gov.au>, Joshua Donaghey <joshua.donaghey@abs.gov.au>, EAD-Public Finance WDB <EAD-Public_Finance_WDB@abs.gov.au>
Subject: RE: Classification query: NT Territory Insurance Office

Hi Dwayne,

Thanks for providing additional information on the NT Motor Accidents Compensation (MAC) scheme to assist the review of the institutional sector classification of the Territory Insurance Office.

As you've advised, after the banking and retail arms are sold off, the Territory Insurance Office will comprise only the Territory's compulsory MAC scheme. This is a no fault government underwritten scheme with compensation benefits defined in the Motor Accidents (Compensation) Act. The scheme is funded by contributions paid by motorists at the time of registering a motor vehicle.

The key factor used to determine whether the unit is a PFC (or PNFC) versus a GG unit is whether it is a market or non-market producer, ie whether it charges economically significant prices for its services.

After selling the banking and retail components, the Territory Insurance Office will be classified as a General Government (GG) unit. This is primarily because the MAC scheme is a compulsory scheme for all owners of registered motor vehicles. The consumers (registered vehicle owners) are not able to choose an alternative service provider on the basis of price, and the Territory Insurance Office does not compete with any other service providers. Therefore the price is not considered economically significant.

Feel free to contact me if you have any questions about this classification.


Happy holidays!

Regards,

Mary-Anne Stewart

Assistant Director
Public Finance Section | Economic and Environment Statistics Group | **Australian Bureau of Statistics**
(P) (07) 3222 6113 (E) mary-anne.stewart@abs.gov.au (W) www.abs.gov.au

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 Dwayne McInnes ---22/12/2014 10:19:18 AM---Sorry Joshua and Mary-anne, could you please include David Braines-mead and Craig Graham in on your

From: Dwayne McInnes <Dwayne.McInnes@nt.gov.au>
To: Joshua Donaghey <joshua.donaghey@abs.gov.au>, Mary-Anne Stewart <mary-anne.stewart@abs.gov.au>, David Braines-Mead <David.Braines-Mead@nt.gov.au>, Craig Graham <Craig.Graham@nt.gov.au>
Cc: Mary-Anne Stewart <mary-anne.stewart@abs.gov.au>, David Braines-Mead <David.Braines-Mead@nt.gov.au>, Craig Graham <Craig.Graham@nt.gov.au>