

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mr Higgins to the Treasurer:

**Annual Report – Treasury Corporation**

1. The Central Holding Authority (CHA) returned 2.265 per cent in Financial Year 16/17. Where were funds deposited at CHA invested?
2. Please name the entity or individual who has purchased 'designated Instruments' worth up to \$1m (p11 NTTC Annual Report).
3. Were the Senior Management Group of NTTC consulted by Treasury or the Minister in relation to the HFE Inquiry submission?
4. Please explain \$65,000 for subscriptions in 2017 (p49).

**ANSWER**

1. ***The Central Holding Authority (CHA) returned 2.265 per cent in Financial Year 16/17. Where were funds deposited at CHA invested?***

The Northern Territory Government's (NTG) investment portfolio is formed by pooling the Territory's surplus cash balances held in the name of CHA and investing in a variety of secure short, medium and long-term debt securities issued in the Australian financial markets. The broad objectives set down for managing the CHA's investment portfolio are to:

1. ensure sufficient liquidity is maintained in the Northern Territory Government's cash balances to meet all financial obligations as they fall due
2. obtain a return on the investment portfolio above the benchmark, while adhering to the investment guidelines approved by the Treasurer.

The CHA investment portfolio has a conservative/defensive asset allocation, comprised of a range of secure investments, a significant proportion of which are in short-term instruments (less than one year) such as promissory notes, negotiable certificates of deposit, term deposits, structured wholesale deposits, and cash at bank.

Investments are limited to counterparties with strong or extremely strong credit rating criteria as determined by Standard and Poor's Rating Group. Details of the Investment Guidelines approved by the Treasurer are outlined

in Appendix C on page 31 of the Northern Territory Treasury Corporation's (NTTC) Annual Report.

The portfolio's performance is benchmarked against the Bloomberg AusBond Index. The overall weighted average return on the investment portfolio for the 2016-17 financial year was 2.26 per cent, 0.44 percentage points above the weighted index return of 1.82 per cent.

In addition to the CHA investment portfolio, CHA has funds allocated to longer term investment strategies through the Medium Term Investment Fund and Conditions of Service Reserve.

**2. *Please name the entity or individual who has purchased 'designated Instruments' worth up to \$1m (p11 NTTC Annual Report).***

For privacy reasons, NTTC are unable to provide personal details of investors.

The \$1 million of designated investments as at 30 June 2017 represents two individual investors nominated by the Department of Trade, Business and Innovation for the Investor Retirement Visa (Subclass 405).

The Investor Retirement Visa (Subclass 405) requires holders to be:

- of retirement age
- have no dependents other than a spouse
- have an income A\$50 000
- invest a minimum of A\$500 000 in designated bonds.

**3. *Were the Senior Management Group of NTTC consulted by Treasury or the Minister in relation to the HFE Inquiry submission?***

The General Manager of the Northern Territory Treasury Corporation is a member of the Senior Management Group of the Department of Treasury and Finance, and the submission into the HFE Inquiry was discussed extensively.

**4. *Please explain \$65,000 for subscriptions in 2017 (p49).***

Subscriptions for 2016-17 consisted of:

• Moody's Investor Services (ratings agency)	\$48 033
• AFMA (financial markets services)	\$12 797
• TaxEd (taxation updates)	\$ 1 247
• Kanga News (financial market yearbook)	\$ 1 131
• Miscellaneous	\$ 1 698