

**LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY****WRITTEN QUESTION**

Mrs. Finocchiaro to the Treasurer

**MAC Building**

1. The NT News of 3 and 7 November 2018 lists 24 Mitchell Street Darwin as being for sale freehold. This is the TIO building. The building is owned by the Motor Accidents Compensation (MAC) Fund (NT Government owned). That is, it is a wholly owned asset of the Motor Accidents Compensation Commission which invests motor vehicle registration proceeds on account of claims costs arising out of road accidents. Given the investment of MAC funds are for the long term and earmarked for future claims, why would the MAC fund be selling this asset?
2. If sold, what does the Government intend to do with the proceeds?
3. Why hasn't there been any public statement from the Territory Government about the sale of what appears to be a significant public funded asset?
4. Does the sale of the TIO Centre threaten the ongoing viability of the MAC Scheme?
5. Is now the right time to be selling a public asset when vacancy rates in the CBD are high?

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**Answers**

1. The MAC Commission is an independent statutory body that was established in 2014 to oversee the management of the MAC Scheme on behalf of government. This includes administering the MAC Fund which comprises the investments held to meet the liabilities of the MAC Scheme. The MAC Fund is currently invested across a range of asset classes, including equities, bonds, and property (including the TIO building).

The MAC Commission, through its investment advisors, recently conducted a review of its entire investment portfolio. One of the recommendations of the investment advisors was to investigate the sale of the TIO Building, and in the event a sale proceeds, to re-invest the proceeds in accordance with the Fund's Investment Strategy.

2. If sold, all proceeds from the sale would be fully reinvested back into the MAC Fund, in accordance with its Strategic Asset Allocation and Investment Strategy. This would reduce the concentration of funds invested in direct property, which is a relatively illiquid asset, and enable greater diversification, thus reducing the overall risk of the portfolio.
3. This potential sale and the reinvestment of sale proceeds will have no impact on the MAC Fund's solvency, the MAC Scheme, or payment of benefits. The government is not involved in this process and would not receive any portion of proceeds from a sale.

As an independent statutory body, the MAC Commission operates autonomously from government. Under the legislation, the MAC Commissioner is ultimately responsible for investment decisions regarding the MAC Fund.

In administering the Fund, the MAC Commission relies on expert advice from its investment advisors. The expressions of interest process was recommended by the MAC Fund's investment advisors to gauge the level of interest in the building.

4. The sale of the TIO building does not threaten the ongoing viability of the MAC Scheme. The optimisation of the investments held by the MAC Fund is a key means by which the MAC Commission helps to maintain the ongoing sustainability of the MAC Scheme. The expressions of interest process for the sale of the building is consistent with this objective.
5. As the TIO building is well tenanted, the expressions of interest process provides a good opportunity for potential investors to purchase an 'A' grade office building located in the Darwin Central Business District.

The MAC Commission will only proceed with a sale if the sale price meets the MAC Fund's investment strategy and is recommended by the Fund's Investment Advisors.