

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

WRITTEN QUESTION

Mrs Lambley to the Treasurer:

Northern Territory Infrastructure Development Fund (NTIDF)

1. Exactly how much is currently in the Northern Territory Infrastructure Development Fund?
2. What is the value of the Northern Territory Infrastructure Development Fund as of 1 July 2017?
3. How much of the proceeds from the sale of TIO was deposited in the Northern Territory Infrastructure Development Fund?
4. Who determines how these funds will be spent or allocated?
5. Has the Gunner Government taken any funds out of the Northern Territory Infrastructure Development Fund since it came to Government in August 2016? If so, please provide full details of the exact amounts and exactly what the funds were spent on or allocated to?
6. What are the criteria for withdrawing or removing funds from the Northern Territory Infrastructure Development Fund?
7. How is it determined what the Northern Territory Infrastructure Development Fund will invest in?

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1. The Northern Territory Government has committed to investing a total of \$202.5 million into the Northern Territory Infrastructure Development Fund (NTIDF).

A \$200 million investment was approved by the former Northern Territory Government with bipartisan support, and confirmed by the current Northern Territory Government. An additional \$2.5 million that the Territory had expended on initial establishment costs was also added Territory's investment.

It is important to note that the Northern Territory's committed funds are not transferred to the NTIDF until such time as the funds are required, either for investment in a project or to pay for the operational expenses of the fund.

Until funds are required, they are held in a separate account in the Central Holding Authority. These funds are held in a managed investment account, and the interest earned is used to pay for the ongoing operational expenses of the NTIDF.

2. The value of the funds, including interest earned, held within the separate NTIDF account within the Central Holding Authority as at 1 July was \$205.2 million (figure provided by General Manager Treasury Corporation).

3. Following the sale of the Territory Insurance Office, cabinet approved that part of the proceeds would be used to establish the NTIDF.
The Territory committed \$200 million from the proceeds of the sale to the NTIDF.

4. Infrastructure Capital Group (ICG) has been appointed as the independent investment manager of the fund. ICG will make and execute all investment decisions on commercial grounds and in accordance with the objectives and investment principles of the NTIDF.

The independent Board of the NTIDF has oversight of and must approve all investment decisions.

As an investor in the NTIDF, the Northern Territory Government is not able to directly influence investment decisions of the fund, however the Territory does have one representative on the NTIDF Board.

5. No funds have been taken out of the NTIDF. The Territory has committed to investing \$202.5 million into the NTIDF, and this is a legally binding contractual obligation.

The NTIDF has been established as a ten-year closed-end commercial Infrastructure fund, with two potential one-year extensions. The Territory Government cannot withdraw any of its funds until the NTIDF is wound up, however there are provisions for an early wind-up of the fund if no suitable projects are found after two years.

6. The NTIDF has been established as a ten-year closed-end commercial Infrastructure fund, with two potential one-year extensions. The Territory Government cannot withdraw any of its funds until the NTIDF is wound up at the end of this period. There are provisions for an early wind-up of the fund if no suitable projects are found after two years.

7. How is it determined what the Northern Territory Infrastructure Development Fund will invest in?

The key objective of the NTIDF is to be a long-term investor in a diversified portfolio of infrastructure assets that will:

- Generate attractive risk-adjusted returns for all investors; and
- Support the long term economic growth and development of the Northern Territory by investing in appropriate infrastructure projects.

The NTIDF will seek to invest directly in primarily Northern Territory related infrastructure assets which may include 'greenfield' developments, 'brownfield' projects, capital investments in existing companies, and other infrastructure related investments.

Under appropriate circumstances, the Board may allow up to 30 per cent of the Fund to be invested outside the Northern Territory.

ICG as the independent investment manager will identify and develop a pipeline of suitable infrastructure opportunities for the NTIDF Board to consider.

When the investment manager identifies an investment opportunity that appears reasonable they must prepare and provide the NTIDF Board with an Initial Investment Information Report, a Preliminary Investment Report, a Final Investment Report and if required a Supplemental Investment Report during different stages on the assessment process. It is ultimately the Board's decision.

If the investment manager wishes to dispose of an investment then a report detailing the transaction must be provided to the NTIDF Board for decision.