



Petition

Registration No.	39
Title	DON'T SELL OUR TIO
Presented on	25 November 2014
Presented by	Mr Wood (Member for Nelson)
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

DON'T SELL OUR TIO

To the Honourable the Speaker and Members of the Legislative Assembly of the Northern Territory. We the undersigned respectfully showeth:

That TIO is an essential Northern Territory asset that provides everyday Territorians with essential and affordable insurance, where other insurers do not.

Your petitioners therefore humbly pray that

The Northern Territory Government does not sell any part of the Territory Insurance Office
And your petitioners, as 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.