NT Decision on Commonwealth Guarantee for State Borrowings

Acting Treasurer Paul Henderson today announced that the Northern Territory will join Victoria and Western Australia in choosing not to utilise the Commonwealth guarantee on its bonds at this time.

“The Territory’s strong economic position and improvements in borrowing conditions has underpinned our decision to not take up the Commonwealth Government guarantee for state borrowings.

The Territory economy is among the best in Australia and we continue to withstand the worst effects of the global financial crisis,” Mr Henderson said.

“Several economic indicators including population growth, employment growth, retail trade and international trade remain strong and our economic outlook is relatively healthy.

“Our strong economic management has delivered six consecutive cash surpluses and over the worst years of the global economic crisis the Territory’s net operating balance is forecast to remain in surplus.

“Combined with our Aa1 rating by Moodys Investor Services, our relatively small borrowing program and the Territory’s strong economic position, the NT Treasury Corporation has determined the Territory’s borrowing program can be efficiently met without requiring the Commonwealth Government’s guarantee.

“The improvement in borrowing conditions over the last quarter has also contributed to the commercial decision for the Territory to continue to issue bonds in its own right, without utilising the Commonwealth guarantee and premium.

“As market conditions remain volatile, the Territory will retain the option to take up the Commonwealth's guarantee should it become appropriate and necessary to do so.”

The Commonwealth announced in March this year that it would extend its guarantee to the borrowings of states and territories for a fee - Queensland and New South Wales have opted to accept the Commonwealth’s offer.

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