



**Australian Government**  
**Department of the Environment and Heritage**  
Australian Antarctic Division



8 April 2004

Mr Q Clements  
Secretary  
Joint Standing Committee on the National Capital and External Territories  
Department of the House of Representatives  
Parliament House  
CANBERRA ACT 2600

Dear Mr Clements

I refer to your questions which were taken on notice during the Australian Antarctic Division (AAD) Executive briefing given to the Joint Standing Committee in August 2003. The following provides answers to those questions plus others arising out of the Committee's visit to the AAD in March 2004 and subsequent review of the AAD's written submission.

***Insurance Premiums (Transcript pp. 5-6)***

In line with most public and private sector organisations since 2000, the AAD has incurred a significant increase in its insurance (Comcover) premiums. This increase was 89% over the previous year's premium in the 2002/03 financial year, resulting in a premium of \$6 320 862. In order to reduce the cost of its insurance cover, the AAD has restructured its insurance policy for the 2003/04 financial year. This has resulted in a premium of \$5 173 979 for the current financial year. To achieve this reduction the AAD has made the following amendments to its policy:

- reduction in cover for most mobile plant from comprehensive motor vehicle cover to Third Party property;
- excess increased from \$500 to \$150 000 per incident; and
- reduction in property cover through reduction in value and scope of aggregate property.

Although the AAD has received some supplementation for the increase in its insurance premiums it has had to absorb the remainder of the increase internally. In 2002/03 this resulted in \$741 333 being diverted to pay for the increased premium. In the current financial year, even with the reduced premium, \$454 666 has been funded internally to meet this payment. The consequence of this is that the AAD has had to reduce its activities.

A spreadsheet detailing insurance premiums since 2000 is at Attachment A.

***Terrestrial Depression (Transcript p. 16)***

A comprehensive information pack on the depression of the Antarctic continent at Attachment B.

***Illegal Unreported and Unregulated Fishing (Transcript p. 8)***

A report on IUU fishing is contained at Attachment C.

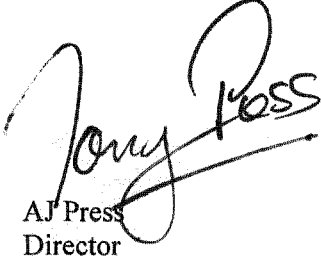
***Cargo Cost***

Senator Scullion requested a cost per tonne for the transport of cargo to Antarctica. Based on figures calculated for the Output Pricing Review in 2001, the AAD estimates its cargo costings at \$A570 per cubic metre. Due to the AAD's use of containers and cage pallets for cargo operations, the AAD does not measure its cargo capacity in tonnes but in cubic metres.

***AAD Submission revenue figures***

Senator Scullion requested clarification of the revenue figures presented in Attachment B (AAD Financial Statement) to the submission. Both figures result from the recognition of assets not previously accounted for in the AAD's balance sheet. In accordance with Accounting Standards there needs to be an entry to match the recognition of the asset on the balance sheet, as such it appears in the financial statement as revenue to the same value.

Yours sincerely



AJ Press  
Director

Australian Antarctic Insurance Premiums 2000-2004

Year	Annual Premium	Base Supplementation	Premium Increase	% Increase/Decrease	Additional Supplementation	Unfunded (Internally Provided)
1999-2000	\$3,335,044.00	\$3,335,000.00				
2000-2001	\$3,355,681.61	\$3,335,000.00				
2001-2002	\$2,971,266.61	\$3,335,000.00				
2002-2003	\$6,320,862.52	\$3,335,000.00	\$2,965,333.33	89%	\$2,224,000.00	-\$741,333.33
2003-2004	\$5,173,979.67	\$3,335,000.00	\$1,818,666.67	-18%	\$1,364,000.00	-\$454,666.67
<b>Grand</b>	<b>\$21,156,834.41</b>					
			Aggregate unfunded premium (Internally funded)			<b>-\$1,196,000.00</b>

**Reduction in Premium**

- \$923,000.00 Reduction in cover for most Mobile Plant from Comprehensive MV Cover to Third Party Property Deductible increased from \$500 to \$150,000 per incident.
- \$1,488,055.35 Reduction in property cover through reduction in value and scope of Aggregate in Property. Increase in premium is estimated based on a 20% across most agencies of a similar size. Instead of an increase of 20% the AAD has had a reduction of 18%.  
Kingston Buildings sold to external party  
Reduction in property values and number of items of property covered